

DAILY REPORT

China

Vol I No 240

14 December 1982

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FURTHER COVERAGE OF FIFTH SESSION OF FIFTH NPC

Zhao's Report on 5-Year Plan

OW130126 Beijing XINHUA in English 0103 GMT 13 Dec 82

[Text] Beijing, December 13 (XINHUA) -- Following is the full text of the report by Premier Zhao Ziyang on the Sixth Five-Year Plan for National Economic and Social Development which was approved at the National People's Congress session on December 10:

Fellow deputies, on behalf of the State Council, I now submit a report on the Sixth Five-Year Plan for China's Economic and Social Development for examination and approval by the present session.

The Basic Tasks of the Sixth Five-Year Plan

In 1980, the last year of the Fifth Five-Year Plan, the State Council worked out the general outline and main targets of the Sixth Five-Year Plan (1981-85). Objective conditions were then lacking for drawing up a fairly comprehensive five-year plan as the whole country, in the spirit of the Third Plenary Session of the Eleventh Central Committee of the Chinese Communist Party, was busy setting things to rights, the national economy was undergoing further readjustments, detailed studies of many problems had yet to be made in the course of practice, and essential data were not available due to damage during the decade of domestic turmoil. The State Council has conducted careful investigation and study of our economic work in the past two years while stepping up economic readjustment. In the report on the work of the government delivered at the Fourth Session of the Fifth National People's Congress, it put forward ten principles for the development of the national economy centered on achieving better economic results, which the session discussed and approved. The State Council then mobilized the relevant quarters to study and discuss several times the major issues involved in the Sixth Five-Year Plan. Our national economy has now embarked on a sound path of steady growth. The drawing up of the draft Sixth Five-Year Plan has been completed.

The Twelfth National Congress of the Chinese Communist Party formulated the strategic objective, priorities and steps of our economic development. This calls for quadrupling the gross annual value of China's industrial and agricultural production in the two decades between 1981 and the end of this century on condition that economic results are steadily improved; it calls for achieving a fundamental turn for the better in China's financial and economic situation in the five years from 1983 to 1987, that is, striking a balance between state revenue and expenditure by significantly improving the economic results in all trades and professions and all enterprises while ensuring a gradual increase in the funds for economic and cultural development and a gradual improvement in the people's living standards. To accomplish this, we must continue the policy of readjusting, restructuring, consolidating and improving the national economy during the Sixth Five-Year Plan period, make further efforts to solve the various problems left over from the past which hamper economic growth, win decisive victory in achieving a fundamental turn for the better in the financial and economic situation and lay a better foundation or create more favourable conditions for economic and social development in the Seventh Five-Year Plan period. In the five years from 1981 to 1985, we plan to increase the gross value of our industrial and agricultural production by 21.7 per cent, an average annual increase of 4 per cent. Total investment in fixed assets is planned at 360 million yuan, and we will build a number of modern projects and carry out major technical transformation in a number of key enterprises.

Funds for developing education, science, culture and public health service will be 96.7 billion yuan, an increase of 68 per cent over the 57.7 billion yuan appropriated in the Fifth Five-Year Plan. The per-capita level of consumption in urban and rural areas will rise by 22 per cent, averaging an annual rise of 4.1 per cent. We shall during this period maintain a basic balance of state revenue and expenditure and of credit receipts and payments, and basic stability of commodity prices. The Sixth Five-Year Plan is a plan for steady development in the course of readjustment, for promotion of China's modernization and for continued improvement in the people's living standards. Fulfilment of this plan is vital to the future of our whole modernization programme and to the interests of the people of all our nationalities.

The draft of the Sixth Five-Year Plan has been distributed to all the deputies. I would like here to explain its main points and some relevant questions.

1. The Rate of Industrial and Agricultural Growth and Economic Results

An important principle guiding the Sixth Five-Year Plan is to maintain an appropriate rate of growth in China's industrial and agricultural output on the premise of improving economic results. Under the plan, the gross value of industrial and agricultural output in 1985 will come to 871 billion yuan, or 155.1 billion yuan more than the 715.9 billion yuan in 1980. Of this, the gross value of agricultural output will go up from 218.7 billion yuan to 266 billion yuan and that of industrial output from 497.2 billion yuan to 605 billion yuan. In other words, both are to rise annually by an average of 4 per cent, and efforts will be made to bring the figure up to 5 per cent in the course of carrying out the plan. In the gross value of industrial output, light industry is to grow by an annual average of 5 per cent and heavy industry by 3 per cent. By 1985, the country's grain output is to reach 360 million tons, an increase of 12.3 per cent over 1980; cotton, 3.6 million tons, an increase of 33 per cent; yarn 3.59 million tons, a rise of 22.8 per cent; sugar, 4.3 million tons, a jump of 67.3 per cent; coal, 700 million tons, an increase of 12.9 per cent; electricity, 362 billion kWh, a growth of 20.4 per cent; and steel, 39 million tons, a rise of 5.1 per cent. Materialization of this plan will establish a better ratio among agriculture, light industry and heavy industry.

In the 28 years from 1953 to 1980, gross value of agricultural output grew by an average of 3.4 per cent annually. The Sixth Five-Year Plan calls for an average annual increase of 4-5 per cent. This is by no means a low rate, and considerable efforts will have to be made to attain it. The plan projects an industrial growth rate lower than the average in the previous 28 years. This is because the task of industrial readjustment remains very arduous and complicated, energy output cannot be increased significantly in the near future and the pressure on transport cannot be relieved radically. The rate of industrial growth in the previous 28 years was not low, but economic results were very poor. The Sixth Five-Year Plan therefore stipulates a slower rate predicated on better economic results. The plan demands that the quality of products should be improved steadily, varieties and designs should meet the needs of society and the consumption of materials per unit-product should be substantially reduced. All these demands are far more rigorous than in the past. A salient feature of the Sixth Five-Year Plan is its emphasis on better economic results.

Our experience shows that putting the plan targets on a sound basis through overall balancing while allowing some leeway helps protect and heighten the enthusiasm of the working people and production units and ensure a proportionate and coordinated growth of the national economy. The 1981 and 1982 plans will bring the growth of industrial and agricultural output above the average annual growth rate set in the Sixth Five-Year Plan, and this is good news for the whole nation. For the reasons given, we do not propose to raise the growth rate for the last three years of the plan. When, through our efforts in the period of the Sixth Five-Year Plan, the relations between the various sectors are brought into better balance, the work of consolidation is accomplished, a number of key construction projects in preparation for the Seventh Five-Year Plan are completed, and technical transformation of certain major items are carried out and certain key scientific and technological problems solved, the growth for the seventh five-year period is bound to be higher than that for the present five-year period. Provided we work in a down-to-earth manner and, in particular, make significant headway in training personnel, building key construction projects and improving technology, the growth rate for the eighth and ninth five-year periods is certain to be still higher, thus ushering in a new period of vigorous economic development for our country. In this way, we can realize the magnificent objective of quadrupling the gross annual value of industrial and agricultural production by the turn of the century in accordance with the strategic plan worked out at the party's twelfth national congress, a plan which calls for two steps in two decades.

2. The Scale and Priorities of Capital Construction and the Technical Transformation of Enterprises

Under the Sixth Five-Year Plan, total investment in capital construction throughout the country will be 230 billion yuan, roughly the same as for the Fifth Five-Year Plan. Altogether 890 large and medium-sized projects will be undertaken during these five years, far fewer than during the previous five-year period. This is based on the lessons of the past when our capital construction was too large in scale and overextended, so yielding poor returns from investment. In the Sixth Five-Year Plan, energy and transport are priorities and will receive 38.5 per cent of the total investment in capital construction, a somewhat higher figure than before. Meanwhile, appropriate arrangements are made for development in agriculture, the textile and other light industries, the metallurgical industry and the chemical industry, as well as for education, science, culture, public health service, urban public utilities, commerce and foreign trade. Four hundred large- and medium-sized projects are to be completed before the end of 1985, and the rest will be carried over for continued construction during the Seventh Five-Year Plan period. Funds totalling 130 billion yuan are earmarked for updating equipment in the existing enterprises and for their technical transformation. In the 28 years between 1953 and 1980, such funds accounted for about 20 per cent of the total investment in fixed assets. The figure is raised to 36 per cent in the Sixth Five-Year Plan. This is a big step forward. It will help improve the technology of our industry and speed up the modernization of the national economy as a whole.

I would now like to speak at some length about the development plans for energy, transport and agriculture and about the priorities for the technical transformation of the existing enterprises.

The coal industry will receive 17.9 billion yuan in investment during the five years. The funds will be used chiefly for exploiting the coal reserves in Shanxi, northeast China and eastern Inner Mongolia; at the same time, the coalfields in western Henan, Shandong, Anhui, Jiangsu and Guizhou provinces will also be developed. Twenty-eight large coal mines will be added, each with an annual capacity of over one million tons. This, plus the opening of small and medium-sized mines, will increase the total capacity of China's coal industry by 220 million tons. The plan provides for a production capacity of 80 million tons to be available before the end of 1985, with work continuing during the next five-year plan period for the remaining 140 million tons. To speed up the expansion of the coal industry, we should, on the one hand, concentrate on exploiting the big open-cast mines and, first of all, on building as soon as possible five such mines at Huolinhe, Yiminhe, Pingshuo, Yuanbaoshan and Junggar, which are rich in coal deposits. On the other hand, we should step up the technical transformation of the existing mines, build small- and medium-sized ones and tap potential. Thus we will be able to produce more coal with less investment at an earlier date, and we can increase our coal output appreciably in the next few years or within this decade and at the same time lay the ground for greater expansion of our coal industry in the following decade.

A total of 15.4 billion yuan will be invested in the petroleum industry in the Sixth Five-Year Plan period. Efforts will be concentrated on prospecting in the Songliao basin of northeast China, the Bohai Bay, the Puyang region of Henan Province and the Eren basin of Inner Mongolia. General survey and prospecting will also be stepped up to a proper extent in the Junggar basin of Xinjiang and the Qaidam basin of Qinghai, and such work will be steadily continued for present oil and natural gas fields in east China. Our goal is to verify the reserves of a number of new oilfields and to actively prospect for and exploit offshore oil deposits. In these five years, production capacity for oil will increase by 35 million tons and for natural gas by 2.5 billion cubic metres. This should help make up for the depletion as a result of continued exploitation of oil wells now in operation and maintain our annual oil output level at 100 million tons during the 1981-85 period.

A total of 20.7 billion yuan will be invested in the power industry in the same period. It will be used chiefly for continued exploitation of hydraulic resources along the upper reaches of the Huanghe River and the upper and middle reaches of the Changjiang River and in the Hongshui River basin, and for building a number of large hydroelectric stations. At the same time, a number of electric power stations will be constructed near the coal mines in coal-rich Shanxi Province, eastern Inner Mongolia, Huainan and Huaibei regions, western Henan Province, areas north of the Weihe River and Guizhou Province, as will be a number of thermal power stations in Shanghai and Liaoning, Jiangsu, Zhejiang, Guangdong and Sichuan Provinces where enormous amounts of electricity are consumed. These five years will witness the construction or continued construction of 15 hydroelectric stations each with an installed capacity of 400,000 kW or more, 45 thermal power stations each with an installed capacity of 200,000 kW or more, and one nuclear power station with an installed capacity of 300,000 kW. Added to the small stations to be set up, this will mean a total increase of 36.6 million kW of electric power for the whole country. Of this figure, 12.9 million kW will be available before the end of 1985, while work on the remaining 23.7 million kW will continue in the next five-year plan period.

Since these arrangements still fall short of fully meeting the power requirements of China's economic growth, efforts will be made, wherever possible, to step up construction of electric power stations in the course of implementing the plan, while strictly economizing on the use of electricity.

Twenty-nine point eight billion yuan will be invested in transport and post and telecommunications services over the five years, mainly for railway and harbour construction. The Sixth Five-Year Plan provides for laying 2,000 kilometres of rails, double-tracking 1,700 kilometres of the present railways and electrifying 2,500 kilometres. By 1985, the capacity of transporting coal from Shanxi, western Inner Mongolia and Ningxia to other places will have increased from 72 million tons in 1980 to 120 million tons and that to northeast China from 14 million tons in 1980 to 29 million tons. Construction of 132 deep-water berths is scheduled for 15 harbours including Dalian, Qinhuangdao, Tianjin, Qingdao, Shijiusuo, Lianyungang, Shanghai, Huangpu and Zhanjiang so that the handling capacity of the country's coastal harbours will total 317 million tons by 1985 as against 217 million tons in 1980. Work will continue on inland navigation projects along the Changjiang and other rivers. More roads will be built so as to improve the rural transport conditions. In the meantime, efforts will be made to increase the post and telecommunications facilities. Completion of these tasks will relieve the strain on transport and post and telecommunications services.

In agriculture, stress will be put on augmenting the flood control capacity of the Huanghe, Changjiang, Huaihe and Haihe rivers and on completing the construction of the Panjiakou and Daheiting reservoirs in Hebei Province and the Tianjin project for diverting water from the Luanhe River so as to ease the shortage of water for industrial and agricultural use in the Beijing-Tianjin area. Continued efforts will be made to build commodity grain bases on the Sanjiang plain in Heilongjiang Province, in the Poyang Lake area in Jiangxi Province, the Dongting Lake area in Hunan Province and the Pi-Shi-Hang irrigation area in Anhui Province. A network for breeding and popularizing improved seeds should be set up and improved step by step. Shelterbelt networks in northwest, north and northeast China will continue to be built so as to check soil erosion in the areas along the middle reaches of the Huanghe River and the shifting of sand dunes in the northwest. We should make sustained efforts to conduct the nationwide afforestation campaign in order to cover our motherland with trees. Land reclamation on the pasturelands of the minority nationality areas is forbidden. We should expand the total area of artificially sown pastures from the 32 million mu (one mu equals 1/15 hectare) in 1980 to 100 million mu in 1985. A number of farms producing good poultry and animal strains, livestock farms and feed-processing plants will be set up. Between 1981 and 1985, the plan is to increase the area for fresh-water aquiculture by 16 million mu and that for seawater aquiculture by 800,000 mu. All this will help improve conditions for farming, animal husbandry and fishery.

To facilitate economic construction and provide the necessary mineral resources and geological data for future development, we should do more geological prospecting, hunt for mineral deposits, assess natural resources and do better work in hydrogeology, engineering geology and environmental geology during the Sixth Five-Year Plan period.

In the technical transformation of the existing enterprises during this period stress should be put on the following: saving energy and raw and semi-finished materials; improving the product mix; enhancing the properties and quality of products; and increasing the production capacity for certain urgently needed products which are in short supply. Measures will be taken in these five years to carry out in a planned way the technical transformation of a considerable number of key enterprises such as the Anshan Iron and Steel Company, the Baotou Iron and Steel Company, the Changchun No 1 Motor Works, factories in the power equipment manufacturing bases in Harbin and Shanghai, the large Datong, Kailuan and Fushun coal mines and the large caustic soda plants in Tianjin and in Hubei, Liaoning, Sichuan and Shandong provinces. The purpose is to gradually raise the technological level of these key enterprises that have bearing on the national economy as a whole. As the supplier of equipment for diverse fields, the machine-building industry must be ahead of others in carrying out technical transformation. In the 1981-85 period, mechanical and electrical products that are mass produced and widely used, especially motor vehicles, tractors, internal-combustion engines, industrial boilers, water pumps, air blowers and small and medium-sized electric motors that consume much energy should be improved technically and updated. Research and development of a group of key equipments such as precision and highly efficient machine tools, instruments and meters should be undertaken, and efforts should be made to update many kinds of instruments, components and basic parts. We should turn out equipment of a fairly high technical level for farming, animal husbandry and fishery as well as for the textile and other light industries. We should also strive to improve the technology of manufacturing complete sets of large equipment used in power generation, steel rolling, mining, coal washing, transport, offshore oil prospecting and the petrochemical industry. Success in these endeavours will mean a gratifying improvement in the technological level of our national economy.

3. The Development of Education, Science and Culture

Constantly raising the educational, scientific, technological and cultural levels of the whole people is a major guarantee for building a modern material civilization and also a major aspect in building a socialist spiritual civilization. In the Sixth Five-Year Plan, allocations for education, science, culture, public health and physical culture account for 15.9 per cent of total state expenditure (the corresponding figure will reach 16.8 per cent in 1985), a fairly big increase over the 11 per cent of the Fifth Five-Year Plan. The funds allocated for these undertakings are admittedly still insufficient, but this is what we can afford at present in the context of our limited financial resources. Appropriations for these undertakings will gradually increase along with the future growth of our economy.

The Sixth Five-Year Plan calls for a rise in the number of newly admitted full-time students in institutions of higher education from 280,000 in 1980 to 400,000 in 1985, an increase of 42.2 per cent, while total enrolment is to reach 1.3 million, 13.6 per cent more than in 1980. The number of graduates from these institutions is to be 1.5 million for the five years covered by the plan. Meanwhile, there will be considerable expansion of higher education through radio, TV, correspondence and evening courses. In 1985, a total of 20,000 postgraduate students is to be admitted, 5.5 times the number in 1980, and 45,000 are to complete their postgraduate studies in the five years under review.

The state will appropriate special funds for the construction of fairly advanced teaching and laboratory facilities in a group of key colleges and universities, and for the building or expansion of a number of experimental centres so as to raise the standard of instruction in these institutions. Specialities in colleges and universities will be readjusted and teaching methods improved. Over the years, specialities have been too finely divided and consequently students can acquire only a limited scope of knowledge. This falls short of the requirements of practical work in various fields and for advanced studies and often creates difficulties for the graduates to get employment or to switch to other specialized fields of work. This situation must be changed. Systematic education of our undergraduates and postgraduates in the basic theories of Marxism must be stepped up and ideological and political work among them should be done regularly, purposefully and effectively. We must ensure that our students are trained to be educated workers with socialist consciousness and professional knowledge. We must continue to restructure secondary education, set up secondary vocational schools of different types, particularly for farming, forestry, animal husbandry, sideline occupations and fishery, the medical and nursing services, finance and trade, public security and procuratorial and judicial affairs, and culture and education. Some vocational and technical subjects are to be added to the curricula of regular secondary schools. It is essential to create the necessary conditions for transforming a number of regular senior middle schools in the rural areas into secondary vocational schools serving agriculture. More attention should be paid to pre-school education and teachers' training. We should strive to make primary school education universal or almost universal by 1985 in most counties and to make junior middle school education universal in the cities. Schools of all types and levels should try to enhance the professional competence of the teachers and their teaching level in an all-round way and gradually to improve the conditions for both teaching and learning. Educational workers throughout the country face the most arduous and pressing task of making primary and junior middle school education universal and eliminating illiteracy among young and middle-aged people, and the whole nation should go into action and give this work full support. Those provinces, municipalities and autonomous regions and those prefectures, cities, counties and grass-roots units which have done good work in developing education and those teachers, educational administrators and other people who have made positive contributions to education should be commended; educational functionaries who are lackadaisical in their work should be criticized; and those people who misuse school funds, obstruct teachers in performing their duties or even insult or injure them should be punished severely. We should make respect of educational work a standard of good social conduct so that everybody will realize that it is the very foundation of our modernization drive.

In science and technology, we will, under the Sixth Five-Year Plan, put into nationwide use the verified results of 40 key scientific and technological research projects in agriculture, the textile and other light industries, energy, the electronic and machine-building industries, raw and semi-finished materials, the chemical industry, the pharmaceutical industry, transport, and post and telecommunications. To meet the needs of economic and social development, we should tackle 100 major problems in 38 scientific and technological research projects vital to production and construction, and try to bring a considerable number to fruition and widely apply the results during this period.

While focusing on research in development and application, we should step up basic research so as to provide China's scientific and technological development with sound guidance and a reliable foundation. In line with the characteristics of the specific disciplines, research in both basic and applied sciences should be geared as much as possible to the needs of economic development and expanding production. We should put the application and dissemination of the results of scientific research on a par with research itself, commend and reward successes in this field and overcome the tendency to underrate its importance. It is necessary to set up, in a planned way and step by step, public centres of information, forecasting and analysis, measurement, calculation and consulting services in applied mathematics in the provinces, municipalities and autonomous regions to serve scientific research and growth of the national economy.

While energetically expanding research in the natural sciences, we should attach importance to studies in the social sciences, in political economy, departmental economics, management science, philosophy, law, political science, education, sociology, ethics, psychology, history, ethnology, literature and art, linguistics, international relations, and so on. We should do our best to expound and solve the major theoretical and practical problems raised in the course of our socialist modernization so that we can use the results of creative studies to help build the socialist material and spiritual civilization and develop our socialist system. Gaps in our social studies should be filled in; weak links strengthened and working conditions improved.

During the Sixth Five-Year Plan period, there will be an appropriate growth in such cultural undertakings as literature and art, the cinema, television, broadcasting, the press, publishing, libraries, museums and cultural centres and in public health service and physical culture. There should be more feature films provided quality is improved, and it is planned to increase them from 82 in 1980 to 120 in 1985. Efforts should be made to produce more science films and documentaries. We should improve the ideological and intellectual content of the radio and TV programmes, raise their artistic and technical quality, improve their production and transmission, and bring them to a wider audience. The total volume of publication of newspapers, magazines and books will amount to 45.6 billion printed sheets in 1985, 22 per cent more than in 1980. We should take steps to improve the techniques and quality of papermaking, printing and publishing and change the present backward conditions. In the main, all cities will have museums, all counties libraries and cultural centres, and all townships cultural stations. Serious efforts should be made to improve the cultural facilities in the national minority areas and border regions. Although most of our intellectual products appear in the form of commodities, the leading cadres at all levels concerned should be fully aware that the purpose of expanding their production is, first and foremost, to develop our socialist spiritual civilization. They must therefore see to it that our intellectual products have communist ideological content and serve to increase the people's scientific and general knowledge, instead of merely seeking profits. In all our cultural and artistic undertakings and academic research, we must keep to the orientation of serving the people and socialism, continue to implement the policy of "letting a hundred flowers blossom and a hundred schools of thought contend", eliminate the erroneous influence left over from the decade of domestic turmoil and, at the same time, oppose bourgeois liberalization and decadent feudal and capitalist culture.

We should keep deepening the mass patriotic health campaign so as to reduce the incidence of diseases and swiftly wipe out virulent infectious diseases that are yet to be eliminated. We should tighten our customs quarantine control so as to prevent inroads from abroad of epidemic diseases already stamped out in China. In health work, we should adhere to the policy of laying equal stress on the cities and the countryside and of combining Chinese and Western medicine. Between 1981 and 1985, there will be an increase of 600,000 people specializing in health work and an addition to 250,000 hospital beds. Vigorous efforts should be made to improve techniques of birth control so that we can carry out our plan for population control. We should encourage physical culture and sports in both town and country, so as to build up the people's physique and raise the level of physical culture and sports.

4. The Expansion of Economic and Technological Exchange With the Outside World

During the period of the Sixth Five-Year Plan, we will continue to expand trade and economic and technological exchanges with the outside world in accordance with the principles of equality and mutual benefit, of unified plan and policy and of concerted action towards our foreign counter-parts. The total volume of import and export trade is planned to reach 85.5 billion yuan by 1985, an increase of 51.8 per cent compared with 1980 and an average annual increase of 8.7 per cent. Of this figure, the total volume of exports is to reach 40.2 billion yuan, averaging an annual rise of 8.1 per cent, which is higher than the growth rate of gross value for industrial and agricultural production in the same period; the total volume of imports will reach 45.3 billion yuan, rising annually by an average of 9.2 per cent, which is slightly higher than the growth rate of exports. This will help speed up production and construction in our country.

Boosting the production of commodities for increased exports is the basis for expanding our foreign trade and other economic exchanges. We should work hard to increase exports of textiles and other light industrial goods, arts and crafts, native products and local specialties and, in particular, raise the proportion of machinery and electrical products in the total volume of exports. There should be planned exports of oil, coal and some rare metals, the resources of which China has in abundance, while the export of commodities whose production consumes too much energy should be restricted. Measures should be taken to adapt all our export goods to changes in the international market and make them more and more competitive. This will provide an impetus for raising the quality of our products and cutting down production costs. In line with the needs of domestic construction, we should change the import mix and properly raise the proportion of new technology and key equipment in the total volume of imports. Efforts should be continued to use foreign loans efficiently, encourage direct investment by foreign businessmen or the setting up of joint ventures with Chinese and foreign investment in order to increase the use of foreign funds to a suitable extent. We should, in particular, stress the role of the coastal cities in expanding foreign economic and technological exchanges. Apart from Guangdong and Fujian Provinces which can continue their special policies and flexible measures, we should grant more decisionmaking power to Shanghai, Tianjin and other coastal cities so that they can utilize their favourable conditions to turn their initiative to better account in importing and assimilating technology, making use of foreign funds, transforming outmoded enterprises and developing the role of these cities in the world market.

The aim of expanding our foreign economic and technological exchanges is of course to raise our capacity for self-reliance, and definitely not to weaken or impair the development of our national economy. Under no circumstances should we waver on this point.

5. Improvement of the Living Standards of the People and Population Control

During the period of the Sixth Five-Year Plan, the living standards of the people in both urban and rural areas will continue to rise. Expansion of the state economy, the collective economy and the individual economy will provide jobs for 29 million people in cities and towns after they have received proper training. The average net income of each peasant is to rise from 191 yuan in 1980 to 255 yuan in 1985, that is, an average annual increase of 6 per cent. This is higher than the annual average of 4.3 per cent attained in the 26 years between 1955 and 1980. The payroll for workers and staff in the whole country was 77.3 billion yuan in 1980 and is to reach 98.3 billion yuan in 1985, an average increase of 4.9 per cent a year, or 4.2 billion yuan. Some of the workers and staff in the fields of education, public health and physical culture got a wage increase last year. This year and in the next three years there will be a pay rise for the rest as well as those working in other fields, group by group, and preparations will be made for reforming the wage system. As the present pay of most middle-aged intellectuals is too low and their burdens are heavy, their salaries should rise more. We believe that our workers and cadres throughout the country will appreciate this.

With the growth of industrial and agricultural production and the increase in the income of the urban and rural population, their consumption level will go up substantially. By 1985, average per-capita consumption will be 22 per cent more than in 1980, averaging a 4.1 per cent annual growth as against the 2.6 per cent for the 28 years between 1953 and 1980. Of this, people living in cities and towns will get an average annual rise of 3.2 per cent and those in the countryside 4.2 per cent. The total volume of retail sales is to reach 290 billion yuan by 1985, 40 per cent over 1980, averaging an annual increase of 7 per cent.

Housing for the people in the cities and countryside will continue to improve. Within the five years under review, it is estimated that 2.5 billion square metres of housing will be built by the peasants for themselves, apart from 300 million square metres of public amenities and facilities to be built in the countryside. Residential housing totalling 310 million square metres will be completed in these five years by state-owned units in cities and towns. This averages out at 62 million square metres a year, which is 2.6 times the average annual figure for the 28 years between 1953 and 1980. Meanwhile, urban public utilities are to be installed faster, environmental pollution resolutely checked, and the environment in key areas improved.

Population growth must be strictly controlled during the Sixth Five-Year Plan period. The census taken on July 1 this year shows that China's population exceeds one billion. From now on, the annual natural population growth rate must be kept under 13 per thousand which means the total population of the 29 provinces, municipalities and autonomous regions must be kept at around 1.06 billion by 1985. The past two years again saw a somewhat higher net growth rate of our population, and for some years from now the total number of births will be at a peak as more and more young people will reach the marriageable and child-bearing age.

Therefore, to attain our goal in population control is going to be an extremely important and strenuous task. The whole society must pay full attention to this problem. We must take effective measures and encourage late marriage, advocate one child for each couple, strictly control second births and resolutely prevent additional births so as to control population growth. Otherwise, the execution of our national economic plan and the improvement of the people's living standards will be adversely affected. Persuasive education must be conducted among the people of the whole country, especially among the peasants, to change radically the feudal attitude of viewing sons as better than daughters and regarding more sons as a sign of good fortune. We must, in particular, protect infant girls and their mothers. A couple that has only one daughter and brings her up well deserves greater commendation, support and reward than a couple that has only one son. The whole society should resolutely condemn the criminal activities of female infanticide and maltreatment of the mothers, and the judicial departments should resolutely punish the offenders according to law.

6. The Basic Balance in Finance and Credit and Basic Stability in Commodity Prices

The downward trend in state revenues should be reversed during the period of the Sixth Five-Year Plan through expanding production, improving economic results and exploring new sources of revenue, and this should be done on condition that a normal rise in the people's income is guaranteed and the appropriate decision-making power of enterprises ensured. Expenditures for various purposes should be properly arranged and controlled, financial supervision strengthened and waste resolutely combated so as to minimize the financial deficit. At the same time, issuance of currency should be strictly controlled to ensure a basic balance between state revenue and expenditure and between credit receipts and payments.

The plan sets total state revenues for 1981-85 at 595.3 billion yuan, those for 1985 being 127.4 billion yuan, an increase of 18.9 billion yuan over 1980. Total state expenditures in the five years will be 609.8 billion yuan, the figure for 1985 being 130.4 billion yuan, an increase of 9.2 billion yuan over 1980. In state expenditures, we will, first of all, guarantee funds for the construction of key projects, gradually increase expenditures on educational, scientific, cultural, public health and physical culture undertakings, and at the same time ensure the essential needs for military and administrative spending, repay foreign debts plus interest on time, and give due consideration to expenses in other fields. It is the consistent policy of the party and government to help the minority nationality areas and the economically underdeveloped regions develop their economy and culture. During the years 1981-85, apart from annually increased financial subsidies to these places, the state will allocate a special fund of 2.5 billion yuan -- an increase of 2.2 billion yuan over the period of the Fifth Five-Year Plan -- to assist such development.

It is planned to have an average annual deficit of around 3 billion yuan in these five years, the concrete figure being 2.5 billion yuan in 1981. In implementing the yearly plans, we should strive to increase revenues and strictly control expenditures so as to keep the deficit under 3 billion yuan.

Market prices affect the very livelihood of the people. During the period of the Sixth Five-Year Plan, we should strive to keep market prices basically stable so as to guarantee the people a secure life. Since the beginning of this year, the localities have conscientiously implemented the State Council's "Circular on Resolutely Stabilizing Market Prices".

Generally speaking, the situation in this respect is good. There have been no big fluctuations in state-set prices, and the prices of some commodities have even gone down somewhat. The general level of retail prices in the first three quarters of this year was about the same as at the end of last year. To stimulate production, there will be some necessary readjustment, either upwards or downwards, in the next few years, in regard to a small number of commodities whose prices are very unreasonable. This, however, must be done on condition that the general level of market prices is kept basically stable.

Fellow deputies, our Sixth Five-Year Plan is a comprehensive plan for overall economic and social development, which encompasses the building of both material and spiritual civilization. As regards building socialist spiritual civilization, there are many important aspects besides the development of the cultural undertakings that I have just discussed, and much more work remains to be done. The party's twelfth national congress drew up a general guideline in this connection which we should implement step by step. Here I would just like to speak on two points, namely, education of workers and staff and improvement in standards of social conduct.

We now face the strategic task of significantly raising the ideology and political consciousness of the ranks of cadres, technical personnel and workers and their familiarity with modern science, their general knowledge and their production skills. We must, in particular, set up regular colleges and schools of all types to train cadres at various levels and workers in different trades and, at the same time, set up short-term training courses teaching fewer subjects, so as to put the education of workers and staff on a regular basis in a relatively short time. Apart from the existing schools that must undertake their share in training workers and staff, all trades and those enterprises which have the facilities should set up schools and training courses. We also hope that the Communist Youth League, the trade unions, the women's federation and other mass organizations will all pay attention to this. Regular education requires strict admission standards and examination systems, suitable teaching material that meets practical needs and qualified and competent teachers. It should enable the students to acquire a systematic knowledge of the basic theories of Marxism and professional knowledge in different fields, so that they will have far better political and professional levels by the time they finish their study. Besides providing systematic education, we must do effective ideological and political work among the workers and staff in line with the policies of the party and government and the tasks of different periods and solve the problems they have in ideology and understanding. We must seek and create new way of conducting ideological education and strive to make it more lively and militant, more appealing and convincing. We must strive to teach more and more people the history of social development, modern Chinese history and the history of the Chinese revolution, spread education in communist ideology, convictions and ethics, in the communist attitude towards labour and in revolutionary discipline, professional ethics, the legal system, patriotism and internationalism, and cultivate fine aesthetic standards and the socialist way of life. All this is aimed at promoting the revolutionary spirit of love for the motherland, the people, labour, science and socialism, heightening the resolve to invigorate the Chinese nation, enhancing the sense of national dignity and honour and enabling growing numbers of workers and staff to become working people with high ideals, moral integrity, general education and a sense of discipline.

Fostering high standards of social conduct is a very important aspect of building socialist spiritual civilization. The twelfth national congress of the party called for making a fundamental turn for the better in the next five years in standards of social conduct.

To this end, efforts should be made in town and country to achieve a general improvement in public order and order in production and other work; to establish better work ethics in production units, offices and the service trades; and to combat all such unhealthy tendencies as sheer irresponsibility, putting money above all else, asserting departmentalism and anarchy, engaging in malpractices for selfish ends and abusing one's powers to secure advantages for others. We must help the cadres and the masses to realize that, while promoting socialist commodity production and exchange, it is essential to do everything to combat and check the shameful practice of selling one's moral integrity, conscience and human dignity and commercializing human relations, as is common in capitalist society. To this end, we should, apart from consolidating the party in accordance with the criteria set out in the new party constitution, encourage the drawing up of rules of conduct and common pledges by people of all walks of life, create villages and neighbourhoods where civility reigns, and organize publicity networks and other forms to promote healthy trends, eliminate the unhealthy and combat in a systematic way things deleterious to society. And we have the ability to do this, since we have the firm and correct leadership of the party, the guidance of communist ideology, the socialist system based on public ownership of the means of production, the powerful state machine of the people's democratic dictatorship and progressive public opinion. Furthermore, we should be able to evoke powerful forces throughout our society to resist all sorts of bad things and establish and develop a new type of relations between people which embody socialist spiritual civilization, namely, mutual respect, care, assistance and friendly cooperation. We should strive to raise the standards of social conduct significantly during the period of the Sixth Five-Year Plan and create a good social atmosphere so that the people can devote themselves to the modernization drive wholeheartedly and with ease of mind.

Fellow deputies, along with the draft of the Sixth Five-Year Plan, I would like, on behalf of the State Council, to submit for your examination and approval the draft of the 1983 plan for economic and social development.

The tasks for production and construction set in the Sixth Five-Year Plan are both forward-looking and realistic and, provided we exert ourselves, they can be fulfilled. Though earnest efforts have been made to achieve an overall balance in preparing the plan, there may be points needing further deliberation, which will be handled properly in accordance with concrete conditions in the course of its implementation. The entire nation, from central to local levels, should close ranks, work in a down-to-earth way and strive to solve all sorts of practical problems so that this important plan can be carried out with full success.

Implementation of the Sixth Five-Year Plan in the First Two Years

Nearly two years have elapsed since we began implementing the Sixth Five-Year Plan. Here, I would like to report on the results so far.

Before formal submission of the Sixth Five-Year Plan to this session for examination and approval, the State Council worked out separate plans for 1981 and 1982 in accordance with its preliminary outline, and these were approved after examination by the Standing Committee of the National People's Congress. The progress has been satisfactory. The actual growth rate of the gross value of industrial and agricultural output reached 4.6 per cent in 1981 as against the planned figure of 3.7 per cent; the growth rate in 1982 is expected to reach 6.4 per cent as against the planned figure of 4 per cent. The annual increase for these two years averages 5.5 per cent. The economic situation as a whole is improving each year and this is a gratifying change.

A sustained overall upsurge in agricultural production has brought prosperity to the rural areas. This is an essential basis for steady improvement in the economic and, moreover, the political situation throughout the country. Compared with 1980, the gross value of agricultural output increased by 5.7 per cent in 1981, and the 1982 figure is expected to be 5 per cent higher than the previous year. Average annual increase for these two years works out to 5.3 per cent. Although many regions suffered from successive serious droughts and floods, the country's total grain output has continued to rise year by year. The national figure for this year is expected to be over 335 million tons, an increase of more than 10 million tons over 1981 and higher than the record year of 1979. Compared with 1980, the 1982 output of cotton is expected to rise by 21.9 per cent; of oil-bearing crops, by 39 per cent; of sugar-yielding crops, by 29.2 per cent; of tea, by 21 per cent; and of pork, beef and mutton as one unit, by 6.8 per cent. There has also been a fairly rapid growth in other fields of the diversified rural economy. Agricultural production having expanded, the peasants' income has gone up by a big margin. Especially gratifying are the changes that have taken place so rapidly in just a few years over wide areas which used to be relatively backward in agricultural production. This situation, almost without precedent since the founding of the People's Republic, is conclusive proof that the rural policies of the party and government are absolutely correct. With more trust than ever in the party and government, the 800 million peasants are full of confidence in the bright future of the socialist system.

The production of manufactured consumer goods has grown rapidly so that there is an ever more plentiful supply of commodities on the market, thus relieving the shortage to a considerable extent. We have not seen such a situation in China since the late 1950s. Compared with 1980, the gross output value of light industry increased by 14.1 per cent in 1981 and is expected to go up by another 5.1 per cent in 1982. This means an average annual increase of 9.6 per cent for these two years. It is estimated that the 1982 output of yarn will be 13.3 per cent over 1980; woollen fabrics, 12 per cent; knitting wool, 42 per cent; sugar, 33 per cent; bicycles, 78 per cent; sewing machines, 61.7 per cent; TV sets, 100 per cent; and washing machines, 990 per cent. Many consumer goods are now of higher quality with better designs and greater variety. The commercial departments have successfully stimulated the interflow of commodities between town and country, expanded the service networks and improved work attitudes. Retail sales volume for 1981 registered a 9.8 per cent increase over 1980 and the estimated increase for 1982 is 8.9 per cent over the preceding year. This gives an average annual increase of 9.4 per cent for these two years. While the people's level of consumption has gone up a great deal in the past two years, the supply of foodstuffs, clothing and other daily necessities has also been fairly adequate for the most part, thus allowing the consumers more choice. For a country like ours with a population of one billion, it is indeed no small achievement to effect such a rapid improvement in market supply.

In heavy industry, which is now being readjusted, production has gradually turned from decrease to increase, thanks to the efforts made to raise the output of energy and use it economically and to readjust the service orientation and product mix. Gross output value was down 4.7 per cent in 1981 compared with 1980, but the estimated 1982 figure is 9 per cent over 1981, so that the average annual increase for these two years will be 1.9 per cent. Heavy industry is no longer serving its own expansion to excess and is now providing a larger portion of its products to agriculture and light industry in the form of raw and semi-finished materials and equipment for technical transformation. Many heavy industrial enterprises are manufacturing durable consumer goods directly for the market.

The output of fuels, power and some important raw and semi-finished materials has gradually picked up again following two years of stagnation or even decline. Compared with 1980, the 1981 output of coal increased by 0.2 per cent, electricity by 2.9 per cent and cement by 3.8 per cent, while the output of crude oil dropped by 4.5 per cent and steel products by 1.7 per cent. It is estimated that, compared with 1981, the 1982 output of coal will rise by 4.6 per cent, crude oil by 0.5 per cent, electricity by 5.1 per cent, steel products by 1.9 per cent, and cement by 8.6 per cent. The upward trend in heavy industrial output following readjustment is a significant indicator of the sound growth of our national economy. The transport and post and telecommunications departments have also played an active part in promoting the development of industry, agriculture and work in other fields.

The trend of continuous decrease in state revenue over the years has started to change, reflecting in a comprehensive way the obvious success of China's economic readjustment. State revenue dropped for three years in a row starting in 1979 as a result of economic readjustment and efforts to solve a host of long accumulated problems, especially those carried over from the decade of domestic turmoil. Compared with 1978, state revenue from domestic sources in 1981 was down more than 10 billion yuan, a decrease of almost 10 per cent. With steady improvement in the national economic situation and the adoption of many measures to increase revenue and reduce expenditure, the downward trend may end this year, and it is expected that state revenue will start to rise again next year. At the same time, there has been a favourable balance of foreign exchange earnings and outlays for two years running, which provides favourable conditions for us to expand foreign economic and technological exchanges.

There has been fresh development in education, science and culture. The number of institutions of higher education has risen from 675 in 1980 to 729 in 1982 and total new enrolment of students from 280,000 to 310,000. Initial successes have been achieved in readjusting the specialities offered by these institutions and in restructuring secondary education. More efforts have been made to disseminate and apply scientific and technological achievements. In the past two years, altogether more than 6,000 major research projects were successful, as was the manufacture of about 1,000 new materials following research. All this is playing an increasingly significant role in economic development. The recent successful under-water launching of a submarine-based carrier rocket indicates the new advance in our science and technology. Continuous progress has been made in such undertakings as the press, publishing, broadcasting, the cinema, television, literature and art and health work. In particular, a number of new inspiring results have been achieved in sports.

The above facts show that through the readjustment in the past few years, the proportion between accumulation and consumption and the ratio of agriculture, light industry and heavy industry have tended to be basically in balance. The readjustment of our national economy has now entered a new, more advanced stage. Provided that overall arrangements are made both for the people's livelihood and for production and construction, we should now focus on continued readjustment of the structures of agriculture and industry and their product mix as well as the structure of enterprises so as to achieve far better economic results in the course of steadily expanding our national economy.

The sustained and encouraging growth of our economy is in sharp contrast to the current worldwide economic depression. In recent years, many countries, one after another, have experienced varying degrees of economic difficulties, with production stagnating or declining, rising unemployment, crushing debts, and inflation.

The rate of unemployment and index of price rises in some countries have reached the highest level since the Second World War. In quite a few countries, the economic recession has become so unbearable and serious as to affect political stability. Many countries are struggling to find a way out of their plight. At a time when the economy in other countries is beset with such difficulties, China's national economy is forging ahead by overcoming all kinds of difficulties. This fully demonstrates the superiority of our socialist system and testifies to the correctness of the line, principles and policies our party had adopted since the Third Plenary Session of its Eleventh Central Committee.

Why is it then that we still have some financial deficits even though our economic situation has steadily improved in recent years? The answer to this question requires a historical analysis of our economic construction. In the 20 years between 1958 and 1978, and especially during the decade of domestic turmoil, the state invested heavily in production and construction. However, owing to the domination of "left" ideas, our economic structure was far from appropriate, there were quite a number of defects in economic systems and enormous waste in the fields of production, construction and circulation. The economic results were very poor, and problems as regards the people's life piled up. During this period, the wages and salaries of workers and staff were not regularly raised, parities between the prices of manufactured goods on the one hand and those of farm and sideline products on the other were quite unreasonable, the urban housing shortage grew increasingly acute, and large numbers of young people waited for jobs. Since the Third Plenary Session of the Eleventh Central Committee of the party, the party and government have made immense efforts to solve these problems. From 1979 to 1981, expenditures to cover the increase in the purchase prices of farm and sideline products amounted to 44.2 billion yuan; the rise in the wages and salaries of workers and staff and the introduction of the bonus system, 30 billion yuan; the employment of 26 million people in cities and towns, 10.5 billion yuan; and the building of more housing for workers and staff in cities and towns, 15.2 billion yuan. These, plus the expenditures to cover tax cuts or exemptions for rural areas and the increased price subsidies for imported goods, totalled more than 140 billion yuan. Many such items led to higher state expenditures and lower revenues. Furthermore, the economic results of our production and construction remained very poor for a long time, and this situation was not and could not be drastically changed in a few years. Hence our difficulties in balancing state revenue and expenditure. At the Fourth Session of the Fifth National People's Congress, the State Council made a point of raising the question of improving economic results, and has since adopted a series of measures for that purpose. Through a year's arduous work, things are beginning to pick up. We should, on this basis, work even harder to bring about a fundamental turn for the better in China's economy and finance.

Fellow deputies, the steady improvement in our economic situation over the past two years is inseparable from our redoubled efforts to build a socialist spiritual civilization and from our resolute struggle against serious crimes in the economic and other spheres. The campaign of "five stresses and four points of beauty" spreading across the country proves to be effective. (The five stresses are: stress on decorum, manners, hygiene, discipline and morals. The four points of beauty are: beauty of the mind, language, behaviour and the environment.) Higher standards of social conduct are becoming more common, and there are more advanced persons and exemplary deeds in all fields, shining with the radiance of communist ideas. Since the party's twelfth national congress, a "three loves" campaign to foster love for the motherland, for socialism and for the party has been unfolded in many places.

It is merging with the campaign of "five stresses and four points of beauty" into a movement of "five stresses, four points of beauty and three loves". The deepening of this movement will no doubt greatly help spread the civic virtues of "five loves" (i.e., love for the motherland, the people, labour, science and socialism) put forward in the new constitution. Our all-round effort over the past two years to ensure better public order has achieved notable results. The number of criminal offences in the country as a whole was 15.7 per cent less in the first three quarters of this year than in the corresponding period of last year. In the same period, we handled 136,024 criminal cases in the economic sphere, of which 44,663 have been disposed of, with 26,227 offenders sentenced according to law. Under the impact of this struggle and the influence of our policy, 44,874 offenders turned themselves in and made a clean breast of their crimes. Some of these cases were major and appalling ones involving huge, illegally acquired sums, and people call the chief culprits "big tigers". There are some people who now complain that "we are only swatting flies, not hitting big tigers". In their view, we will be hitting "big tigers" only when we bag offenders from among senior leading cadres. The host of cases handled in our struggle against economic crimes this year have proved that this view does not tally with facts. Of the total of over one hundred thousand criminal cases uncovered so far in the economic sphere, only a very small number involve, to varying degrees, senior leading cadres. Some were taken in by the actual offenders due to serious bureaucratism, others were not strict enough with their children who degenerated into criminals, and still others have been tainted with unhealthy tendencies. These cases either have been or are being dealt with in all seriousness. However, until now we have not found any senior leading cadre who should himself be held accountable for any serious irregularities in economic matters. Facts have shown that the overwhelming majority of our cadres are good or fairly good, and that the leading cores at the central, provincial, municipal and autonomous region levels are trustworthy. Our recent struggle against criminal offences in the economic sphere has been waged on a very large scale and yet it has progressed satisfactorily; cases were handled in the light of proven evidence and in accordance with the law. As a result, there have been no unfavourable social repercussions and no adverse effects on our political stability and unity or on our implementation of the policy of invigorating the domestic economy and opening to the outside world. This shows that our party and government have greatly improved their art of leadership and are now doing much better work. Through our recent struggle, we have by and large checked rampant, unscrupulous smuggling and sale of smuggled goods, and a number of serious offenders guilty of graft, embezzlement, offering or accepting bribes, speculation and swindling have been dealt heavy blows. We have thus safeguarded our socialist economic system and our socialist modernization. Of course, the struggle against criminal activities in the economic, political, cultural and social spheres is a long one. In order to ensure the steady advance of our socialist society and a secure and happy life for all our people in town and country, we must in no way relax our struggle against those criminals who refuse to mend their ways.

In short, we have achieved much in the past two years in carrying out the Sixth Five-Year Plan. Nonetheless, a lot of problems left over from the past remain to be solved, and new problems have cropped up in our economic work. For example, in the wake of a marked increase in the output of consumer goods, there has appeared the problem of overstocking and sluggish sales. This is bound to affect future production unless the matter is tackled effectively on the basis of conscientious study. Our work still suffers from many shortcomings; and we are still faced with a host of difficulties.

We must work diligently in order to score ever greater achievements in the last three years of the Sixth Five-Year Plan period.

Major Measures for the All-Round Fulfilment of the Sixth Five-Year Plan

As far as economic growth is concerned, the key to all-round fulfilment of the last three years of the Sixth Five-Year Plan is to make the attainment of better economic results the heart of all our economic work in conformity with the guidelines set by the Fourth Session of the Fifth National People's Congress last year and the Twelfth National Congress of the Chinese Communist Party last September. Judging by the present overall situation of our national economy, this means we must exercise effective control over all planned investment in fixed assets and use it properly, resolutely readjust and consolidate the existing enterprises, do everything to expedite the technological advance of production, and continue to reform current economic systems. Only when we make significant headway in these four aspects, plus marked improvement in the managerial ability of our economic cadres at all levels, can we win a decisive victory in bringing about a fundamental turn for the better in our financial and economic situation and succeed in creating more favourable conditions for the Seventh Five-Year Plan and for China's subsequent economic growth. I would like now to discuss the four aspects in detail before coming specifically to the question of agriculture, the foundation of our national economy.

First, exercise strict control over the volume of total investment in fixed assets and ensure the completion of key construction projects and the technical transformation of enterprises as scheduled.

To ensure a growing capacity for expanded reproduction, we must maintain investment in fixed assets at a certain level for new capital construction projects and technical transformation of existing enterprises. Under the Sixth Five-Year Plan a total of 360 billion yuan is to be allocated for these purposes. Effective control over and proper use of these funds, the completion and operation of the planned key construction projects according to schedule and attainment of outstanding results in the technical transformation of existing enterprises will contribute enormously to augmenting our economic strength.

Experience in our economic construction over the past 30 and more years has proved time and again that the volume of investment in capital construction must suit national strength. This is a basic condition for stabilizing the national economy as a whole. Since the founding of our People's Republic, we have suffered several major setbacks in economic construction, all of which, apart from political reasons, can be attributed economically to the blind extension of capital construction. Such overextension not only strains the supply of building materials and lengthens the construction cycle but is bound to affect production and maintenance and the people's well-being, making it difficult for enterprises to carry on normal production or for necessary improvements to be made in the people's life. When things came to a head, the economy had to be readjusted and many capital construction projects had to be discontinued, causing overstocking and even total waste of large amounts of equipment, a decline in production or even its suspension in many plants serving capital construction, and holding up the work of construction workers. Such drastic curtailment in the wake of excessive extension brought the most serious waste and harm to our economic construction in the past. Once things started to go well after readjustment, people tended to repeat the mistake, again rushing without forethought into a lot of capital construction. This is, indeed, a painful lesson for us, and we cannot afford to make this mistake again.

Proper arrangements have been made under the Sixth Five-Year Plan with regard to the volume of investment in fixed assets. However, signs of sharp increases in such investment have now reappeared. Many localities and units have embarked on quite a few construction projects not included in the plan. We must pay serious attention to this problem and deal with it with a firm hand.

While strictly controlling the total volume of investment in fixed assets, we must see that funds are used properly in the right order of priorities. That is to say, we must first of all ensure investment in key energy and transport projects and in technical transformation of existing enterprises. These areas are the essential basis for vigorous development of our national economy. In order to ensure them adequate funding, we must slash, with the utmost determination, ill-considered projects launched to increase the capacity of ordinary processing industries.

Concentration on key projects centered on those for energy and transport so as to improve and reinforce these two weakest links in our national economy -- this is a major measure for us to gain the initiative in developing the national economy and, therefore, a matter of vital significance for economic construction as a whole. Unless this problem is solved, it will be impossible to invigorate the entire economy; even its partial development will inevitably be hampered, and any rapid growth will be out of the question. The next few years will be a period of great importance to us, during which we must bestir ourselves and pool funds and materials from various quarters for key energy and transport projects, shorten their construction cycle and wrest better returns from investment. There is a shortage of funds for key projects included in the state plan at present, whereas funds in the hands of the localities and enterprises have increased by a big margin and construction projects outside the plan have increased considerably. We must take measures to muster an appropriate amount of funds for the key projects. The State Council has made the decision that, except for a few specified items, all localities, departments and units are to turn over a certain proportion of their receipts not covered in the state budget to the state and all large economic collectives in cities and towns a certain proportion of their profits after taxation as a contribution to funds for the key energy and transport projects. This is their bounden duty, and they should keep the overall interests in mind and pay the stipulated sum to support this important measure that benefits both the state and the people. At the same time, we should adopt correct policies and measures and give proper guidance so as to make funds in the hands of the localities, enterprises, the people's communes and their production brigades and teams available for construction projects that the country badly needs.

In order to exercise strict control over the volume of investment, ensure the proper use of construction funds and get greater returns on investment, the State Council has laid down the following regulations:

(1) All investments in fixed assets, including those covered by the state budget, self-collected funds or bank loans, are subject to overall balancing by the state planning commission or its provincial, municipal and autonomous region counterparts before their final incorporation into the state plan. No locality or department shall make investments in fixed assets outside the plan without prior approval by the appropriate higher authorities. If it does, it will be called to account and punished accordingly for having violated discipline in financial and economic work.

(2) All large- and medium-sized capital construction projects are subject to examination and approval by the State Planning Commission; small capital construction projects are subject to examination and approval by the provincial, municipal and autonomous region planning commissions and relevant departments of the State Council. No unit or individual has the power to decide on capital construction projects without going through overall balancing by the State Planning Commission or its provincial, municipal and autonomous region counterparts. Except for those which the enterprises are entitled to undertake according to state regulations, all projects for technical transformation are subject to joint examination and approval by the appropriate planning commissions and economic commissions at different levels. All large- and medium-sized construction projects and abovenorm projects for technical transformation outside the state plan are subject to overall balancing by the State Planning Commission before being submitted to the State Council for examination and approval.

(3) All construction projects must be undertaken in strict compliance with the procedures for capital construction. No project shall be included in the annual construction plan, still less shall it be started hastily, without prior feasibility studies and technical and economic appraisal, or without such preparatory work as adequate prospecting and designing. Whoever violates this regulation must be called to account.

(4) As regards all construction projects already decided on, the following must be done: to fix the scale of construction, total amount of investment, time schedule, returns on investment and conditions for co-operation with other units. At the same time, the system of responsibility must be strictly applied. On the basis of the worked-out scheduling of a project, the planning department and the one in charge of the project must allot sufficient funds each year and ensure the annual supply of materials needed. Through various forms of responsibility system, the unit for which the project is being built is required to complete its annual plan within the funds allotted, and the building company to guarantee work quality and fulfilment on time.

(5) Investments in capital construction are to be placed under the centralized control of the Bank of Construction of China, which is to supervise their use according to plan. The bank must carry out its duties faithfully and malfeasance must be looked into and dealt with according to law.

Our measures for controlling the volume of investment in fixed assets and ensuring investment, for energy and transport projects and for technical transformation of existing enterprises all have a positive purpose, and we must be firm and very strict in this respect. The ministries or commissions charged with the responsibility of examining and approving projects of capital construction and technical transformation must stick to principles and strive for higher efficiency. In accordance with the principle of different levels holding different responsibilities, they must handle well whatever is within their purview. Construction projects that require their examination and approval must be processed in good time and according to established procedures, and favouritism, arbitrary decisions, delays and shifting responsibility are all impermissible. To facilitate the growth of production, enterprises may themselves take measures, financed with their own funds and suited to their own conditions, to update equipment and carry out technical innovations that will lead to lower energy consumption and greater variety and improved quality of products.

Second, firmly readjust present enterprises, consolidate them in an all-round way and strive to raise the efficiency of operation and management.

The present irrational structure of enterprises and their backward operation and management constitute major obstacles to improving economic results.

This is a long-standing problem and a hard nut to crack. During the decade between 1971 and 1980, our industrial enterprises (not including those run by the production brigades and teams in the rural areas) increased from over 195,000 to more than 377,000, almost double the 1970 figure. This played a certain role in China's economic growth, but there was a good deal of blind expansion due to the prolonged "left" mistakes in the guidelines for our economic work, plus a lack of necessary knowledge on the part of quite a few cadres. Many enterprises operated under capacity or were unable to go into operation at all due to inadequate supplies of raw and semi-finished materials and energy. Because of backward technology and technique, some enterprises were heavy consumers of materials and turned out poor-quality products or even overstocked goods that nobody wanted. In the absence of the most elementary system of economic accounting, some enterprises set no quotas for consumption of material nor did they calculate production costs and thus ran at a loss for years. The management of some others was chaotic, lacking the most indispensable rules and regulations, so that no one assumed responsibility and discipline was lax and the waste appalling. With readjustment and consolidation in the past few years, things have begun to improve, but the problems involved have not yet been fundamentally solved. To this day, quite a number of enterprises have still not matched their best past technical and economic norms; nearly 30 percent of the state-owned industrial enterprises practising independent business accounting incur losses, the total sum of which may well exceed 4 billion yuan this year. The irrational structure of enterprises and their backward operation and management have made it impossible for many advanced enterprises to operate at full capacity because the energy and raw and semi-finished materials they need are used by the backward enterprises, which consume these valuable supplies and turn out substandard products. This has exacerbated the shortage of energy and raw and semi-finished materials throughout the country and increased the state's financial burden, gravely affecting the growth of state revenue. Unless this situation is changed, it will be very difficult to continue improving economic results in industrial production as a whole, accelerate its growth rate, and make a fundamental turn for the better in the financial and economic situation. Moreover, the large number of backward enterprises will continue to find it all right to rely for their survival on the fruit of the labour of advanced enterprises. Instead of encouraging advanced enterprises and transforming the backward ones, this will encourage many unhealthy tendencies to grow and spread because of the scramble for energy, raw and semi-finished materials, transport facilities and markets, and the normal functioning of the socialist economy and good standards of social conduct will be undermined. Therefore, we must be very firm in readjusting and consolidating our enterprises. Government at all levels and all those doing economic work must understand this clearly and, setting store by the overall interests of the national economy, take resolute and effective measures to do the job well without wavering or further delay.

The State Council has decided that from now on relevant departments shall promptly form according to the products competent leading groups with their local counterparts to draw up programmes for different trades and plans for readjusting enterprises. The following three categories of enterprises must be the first to close down, suspend operations, amalgamate with others or switch to the manufacture of other products: (1) those that are heavy consumers of material, turn out poor-quality products and have been running at a loss over the years due to inefficient operation; (2) those with production in excess of demand and those with large overstocks of goods; and

(3) backward enterprises that contend with the advanced ones for energy, raw and semi-finished materials, transport facilities and markets, and especially those set up without justification that hamper production in the advanced enterprises. The regions and departments concerned must draw up two-year plans for closing, suspending and amalgamating such enterprises and for switching their production. They must provide lists of the enterprises to be closed or suspended, and propose measures to carry out the plans. All enterprises that have incurred heavy losses because of poor operation and management must begin to earn profits within a given time limit. Those that fail to do so must suspend operation pending consolidation. No doubt there will be considerable resistance to overcome and unavoidable problems will have to be solved properly, but this work must be done, and done well. The economic commissions at all levels will be responsible for ensuring implementation of the plans and for supervising and checking up on their progress. The workers and staff in state-owned enterprises that are closed or suspend operations must accept state assignment to other jobs. Those for whom no new jobs are available for the time being should be organized to study or do some work useful to society, and they must strictly observe discipline in all cases. People should be appointed especially to protect the property and materials of the enterprises that close down or suspend production. Such disruptive activities as mass seizure of public property and its division in private are absolutely forbidden. People who engage in such activities will be severely punished according to law, and the administrative leaders of the factories and local departments concerned will be called to account. Approval and business licenses must be obtained from the departments for industrial and commercial administration before new factories may open; any factory operating without a license shall be closed down according to law. The industrial and commercial administrative departments should exercise their functions and powers in accordance with the law, and no obstruction or interference by any other department is allowed. The socialist system is an advanced social system under which the productive forces can be rapidly developed and labour productivity increased. Therefore, our socialist state encourages the advanced and must in no way protect the backward. The many tax, price and credit systems and regulations that serve to discourage advanced enterprises while protecting backward ones must be revised step by step.

Present enterprises must be consolidated more quickly and effectively. This work must be completed in all of them within the next three years. Three things are essential in this connection: one is to establish competent leading bodies, another is to work out and improve the rules and regulations for management and the system of responsibility, and the third is to draw up plans for technical transformation with the stress on reducing the consumption of energy and raw and semi-finished materials and to set appropriate objectives for the development of products. An enterprise can be said to be well consolidated when all its workers and staff, including its leading cadres, have clearly defined responsibilities, which are linked with the results of production; when labour discipline and work attitude have distinctly improved; when the products meet the needs of society; and when the major economic and technical norms and overall economic results are appreciably better than before consolidation. Consolidated enterprises must be inspected one by one and approved by joint work teams from the relevant departments at a higher level in accordance with the standards set by the central government, and substandard enterprises must be consolidated again.

In doing consolidation, we must, first of all, pay attention to major enterprises so that they may take the lead in raising operational, managerial and technical efficiency and improving economic results. The leading responsible members of the central departments and provinces, municipalities and autonomous regions must direct the work themselves and help one by one the all-round consolidation of a few major enterprises that have great potential in production and are vital to the national economy as a whole. If leading comrades of the localities and departments in charge of economic work do not personally oversee the process in one or two major enterprises nor join the masses in gaining first-hand practical experience but merely issue general calls, they will never be able to acquire the knowledge and initiative needed to lead our modernization drive and will not be competent to continue their present work of leadership.

In conjunction with enterprise readjustment and consolidation, we should tighten financial, price, tax and credit control and strengthen financial and economic discipline. Unlawful appropriation, misuse and withholding of state funds, as well as unjustified additions to production costs and withholding profits in violation of state regulations -- all these things must be checked and the funds recovered in full. The prices of products set by the state must be strictly upheld, and no wilful changes are allowed. Those who violate price regulations should be dealt with seriously according to law. No locality or unit has the authority to change state tax regulations. Unauthorized tax reductions and exemptions must be resolutely corrected and the sum fully paid. Enterprises that evade taxes or are in arrears must pay the state treasury retroactively within a specified time limit together with fines. All undertakings financed by state funds and appropriations must fulfil the economic requirements as set in the plans and designs and must not incur loss or waste. Credit control must be centralized, and no bank at any level may issue loans unless provided for in state plans or by state policies, and no one can compel a bank to issue loans. Resolute and effective measures must be taken to stop the illegal appropriation of state property for use by individual units or the seeking of private interests at the expense of public interests. The constitution provides for an auditing system under which the auditing bodies have the authority to supervise through auditing the revenues and expenditures of departments under the State Council, local governments at different levels, state financial and monetary departments and enterprises and institutions; no other administrative organ, public organization or individual may interfere with this work. Leading cadres at all levels, in particular, should play an exemplary role in observing and upholding state financial and economic discipline. Whoever violates such discipline must be called to account, and those involved in serious cases must be punished according to law. Law officers who break the law must be punished more severely than others. Comrades who adhere to principle and dare to fight against breaches of financial and economic discipline should be firmly supported and encouraged. Whoever retaliates against them must be dealt with severely according to law.

Third, promote technological progress and give full play to the role of science and technology in economic development.

It is a fundamental matter of principle that vigorous economic development must rely on scientific and technological achievements and that science and technology must serve economic development. Generally speaking, the technological level of production in present-day China lags far behind advanced world levels. This is our weak point, and it means that we have a lot of hard work to do conscientiously. We must rely on advanced technology in production to a large extent for all-round fulfilment of the Sixth Five-Year Plan.

Looking still further ahead towards the magnificent objective of quadrupling the gross annual output value of China's industry and agriculture by the end of this century and then scaling even greater heights, we need all the more to give full play to the enormous role of science and technology. This quadrupling is not just a quantitative concept, and it will be impossible to reach the target if we mark time at our present low technological level. All branches of our national economy must gradually apply the advanced technologies that have been in common use in the economically developed countries since the 1970s or the early 1980s and which are applicable in China. All enterprises and industrial departments should strive for technological progress. We must all recognize the extreme importance of this question. When talking about expanding production, some comrades tend to think solely of building new factories or starting new establishments, rather than the technical transformation and technological advance in present enterprises. If they stick to this approach and continue to direct production and construction with their outdated concepts and methods, the national economy as a whole will be unable to raise effectiveness significantly, even if a number of new enterprises that use fairly advanced technology are set up, since the large number of present enterprises will still have outmoded equipment, techniques and technologies and will continue to turn out old products. In that case, it will be impossible to narrow the economic and technological gap between China and the developed countries; indeed, the gap may even widen, a situation which we must of course do our best to avoid.

Comrade Sun Yefang, the noted economist, who remains very much concerned about the socialist construction despite serious illness, recently wrote a very good article on the need to rely mainly on technical transformation for quadrupling the gross annual value of industrial and agricultural output. In this article, which was published in RENMIN RIBAO (PEOPLE'S DAILY) on November 19, 1982, he pointed out that "a big base figure leading to a low growth rate" is not a law governing the development of production but mainly the outcome of neglecting the technical transformation of the existing enterprises. Production will definitely grow at a faster rate, he said, if we no longer "freeze technologies" and "reproduce 'antiques'" but systematically undertake technical transformation of the existing enterprises in their hundreds of thousands with emphasis on the key ones. He suggested that the rate of depreciation for fixed assets should be raised gradually to shorten the depreciation period. The State Council holds that his views are correct. In the future, as far as the financial resources of the state permit, we should take a positive attitude towards steadily raising the depreciation rate. The State Council has instructed the State Planning Commission, the State Economic Commission and the Ministry of Finance to study this question jointly and then work out a concrete plan so that the enterprises will have increasing financial resources for renewal of equipment and technical transformation.

The most important thing in stimulating technological improvement is to organize the scientific and technical personnel to draw up plans and tackle key problems. In conjunction with the departments concerned and with the cooperation of specialists in all branches of science and technology, the State Science and Technology Commission, the State Planning Commission and the State Economic Commission should set to work right now to draw up plans for the development of various trades, for the development of regions with large- and medium-sized cities as their cores and for the technical transformation of key enterprises, and a programme for China's scientific and technological advance. In the process, they should work out realistic policies on technology, specify the technological levels that should and can be reached towards the end of this century, and decide on concrete measures to replace outdated techniques step by step.

For example, we should make full use of China's fairly abundant mineral resources to produce alloy steel, low-alloy steel in particular, and increase their proportion of total steel output as a major policy for the technological development of our metallurgical industry. The use of the rotary kiln with a precalcinator for cement production, which can cut energy consumption by more than one-third, should likewise be established as a major policy for the technological transformation of the cement industry. All trades and professions should proceed from their concrete situation and work out the orientation of their technological advance based on their own characteristics with a view to achieving good results. This is of major importance for China's economic and technological progress. We should pay close attention to the development of the electronics industry which has a particularly important role to play in China's modernization, and should gradually apply electronic technology to different branches of our national economy. Large- and medium-sized cities in the coastal and inland areas with higher technological level should help the minority nationality areas and the outlying border areas raise the technological level of their production. In line with the needs of expanding production in the country as a whole, we should co-ordinate research on various scientific and technological subjects centering on those projects that may yield important economic results, and take forceful measures to mobilize the specialized skills of scientific and technical personnel in all fields to tackle key problems on the basis of a division of labour and co-operation. In particular, we should organize the specialists concerned to take part in the technological and economic appraisal of major construction projects as well as to survey and design them; we should pay attention to their views to ensure better preparation for launching such projects. In this connection, the State Council will organize the departments concerned to make unified plans and work out measures for their execution so as to open up new prospects within the next two to three years.

Importing advanced technology is a major way to promote China's technological progress. Although we have made certain progress in this respect during the past few years, much remains to be done. Following investigation and study and according to unified planning, we should simplify procedures and take prompt action to import urgently needed technology that will not be available at home in a short time. Moreover, we should organize scientists, technicians and workers to assimilate and popularize imported technology. The state will provide the foreign exchange and the funds for the manufacture of the supporting facilities at home. The State Economic Commission has, in co-operation with other departments concerned, drawn up a plan for importing 3,000 items of advanced technology in the next three years to strengthen the technical transformation of the existing enterprises, particularly small- and medium-sized ones. Measures should be taken to execute this plan item by item according to schedule. First of all, domestic resources should be fully mobilized to solve problems which can be solved by relying on our own scientific, technological and productive capabilities, and it is impermissible to seek abroad whatever is available within the country.

We should use administrative and economic means to stimulate the enthusiasm of our enterprises for improving their technical performance. Centres for technological development should be established for different trades and enterprises, and combination in various forms of scientific research, designing and production should be promoted. The production and construction plans of the state and the localities, departments, trades and professions should specify both the making of new products and the eliminating of outmoded ones. Future appraisal of enterprise performance should have as a major criterion the introduction of new products and techniques for increased production at lower costs.

Since the technical norms for many products have become outdated, the State Economic Commission should organize the departments concerned to revise them, beginning from 1983. We should institute a system of state licences for the manufacture of major products, banning the making of substandard items. We should firmly carry out the policy of fixing prices according to the quality of products, enact and enforce a patent law, practise the system of reward for new products and technical innovations and abolish those rules and regulations that hinder technological progress. We should mobilize the masses to learn from pacesetters and to make rationalization proposals, and encourage enterprises and their workers and staff to take vigorous steps to promote technological progress and improve operation and management.

Scientists, intellectuals in other fields and other sections of our people have been honouring the memory of Comrade Jiang Zhuying, a middle-aged scientist in the Changchun Institute of Precision Optical Machinery, and Comrade Luo Jianfu, a middle-aged engineer in the Lishan Microelectronics Company in Shaanxi, and pledged to learn from them. Both of them were exemplary Communist Party members who made scientific and technological inventions and innovations of advanced domestic or world level which our country needed urgently. Throughout their careers, they worked painstakingly amid all kinds of difficulties, often forgoing food and sleep, and devoted all their energy and wisdom to China's scientific and technological development. They did not stop working even when they became seriously ill. They were the first to bear hardship, and the last to enjoy comfort. They placed the interests of the party and state above everything else and gave no thought to personal fame or gain. Their deeds provide vivid examples for education in communist ideology. We hope that all members of the Communist Party and the Communist Youth League, all patriotic young people and the rest of the working people in scientific, technological and other professional fields and in all other trades will follow their examples. We hope that all units where intellectuals work will take a correct attitude towards them, conscientiously implement the relevant policies, put full trust in them and show concern for them so that they can realize their aspirations for contributing their all to the building of the socialist motherland. All intellectuals, except for those with organizational ability who are suitable for posts of administrative leadership, should be able to devote themselves to their own specialities. This is the way, we believe, to ensure that our science and technology will develop by leaps and bounds.

Fourth, energetically and steadily speed up the restructuring of economic systems.

Restructuring economic systems is a major guarantee for improving economic results comprehensively and achieving socialist modernization. Socialist transformation of private industry and commerce in the 1950s ended the exploitation of workers by the capitalists. The current restructuring aims at breaking the convention of "everybody eating from the same big pot" and "giving everybody an iron rice bowl" and truly applying the principle of more pay for more work, less pay for less work and no pay for no work. It is no less significant than the socialist transformation of private industry and commerce. The initial reforms carried out in the past three years have yielded positive results and enriched our useful experience. As the national economy is being readjusted, the ratio of its major branches is becoming more balanced, and this provides favourable conditions for continuing to reform the economic systems. Comprehensive reform should be preceded by careful study and, wherever possible, by experiments so as to enrich our experience. Nevertheless, those reforms which have become possible and imperative under present conditions should be started without hesitation. The on-going consolidation and readjustment of enterprises, encouragement of technical transformation, control over the volume of investment in fixed assets, invigoration of commodity circulation and so on are all bound up with the economic systems, without whose reform we will find it very difficult to go forward.

Therefore, it is both possible and imperative to step up the reform to some extent. Comprehensive reform is to take place gradually during the Seventh Five-Year Plan period. In the next three years, while sparing no effort in drawing up an overall plan to reform our economic systems and working out concrete measures for its implementation, we should go a step further and actively test specific reforms.

Experience over the years tells us that the steady and co-ordinated growth of the national economy requires the correct application of the principle of ensuring the leading role of the planned economy supplemented by market regulation and of exercising strict control over major economic matters through planning while adopting a flexible policy towards lesser ones, which are to be controlled mainly through industrial and commercial administration and economic levers. The state must devote its main efforts to overall balancing of the national economy, and do a better job of centralizing the administration of major economic activities that affect the proportions among the key branches of the economy. In particular, it must strictly control, according to the state plan, the volume and priorities of investment in fixed assets, the key capital construction projects and the increase in funds for consumption. Depending on the circumstances, diverse forms may be adopted for the operation and management of enterprises, the purchase and sale of commodities, the opening of more channels of commodity circulation, employment and the services trades. In terms of concrete steps, we should first of all keep tabs on the key enterprises and the manufacture and distribution of major industrial and agricultural products covered by mandatory planning, and adopt flexible measures with regard to small enterprises and minor commodities covered by market regulation. As for enterprises and products in the intermediate category, namely, those covered by guidance planning, we have to decide on the specific control measures step by step in conjunction with the reform of the price, tax and credit systems and after accumulating experience through more testing at selected points, because the situation is rather complicated and, furthermore, the role of the various economic levers has not yet been brought into full play.

Both in mandatory planning and in guidance planning, we must make conscious use of the law of value. In order to help enterprises overcome the defects of ignoring social needs and technological progress and to impel them to improve economic results, we must give full scope to the regulatory role of various economic levers, particularly pricing, in the light of the specific conditions of different enterprises and products. For long-standing historical reasons, price parities between various commodities are for the most part irrational at present. This often tempts enterprises to develop in unwanted directions, seriously impedes the smooth progress of economic reforms, adversely affects normal state revenue and expenditure and, in the final analysis, hinders the general improvement of the people's living standards. Reform of the current price system is imperative. However, since this is a major issue affecting the overall situation, it must be handled with discretion according to well thoughtout plans, and we cannot afford the least rashness in this matter. The State Council holds the view that conditions will not yet be ripe for comprehensive reform of the price system in the last three years of the Sixth Five-Year Plan period. But readjustment -- upward or downward -- in the exceedingly unreasonable prices of a small number of products can be made on condition that basic stability in the general level of market prices is maintained. As for the vastly different rates of profit between various enterprises, the problem should first be solved gradually through some such means as settlement according to an internal price scale. The excessively low prices of fuels for industrial use and of some raw and semi-finished materials should be gradually readjusted when practicable, since they hurt production, discourage thrift and can only lead to blind growth of the processing industry.

However, such readjustment is intended to encourage enterprises to reduce consumption of fuels and materials, and no enterprise is permitted to use this to raise the price of its products without authorization, thereby shifting its burden onto the consumers. As for the pricing of minor commodities of the third category, the current method may be changed, by stages and in groups, to that of consultation between industrial and commercial units within the limits specified by the state, or to that of decision by the enterprises themselves. This means that the prices of such commodities may be allowed to fluctuate in line with market conditions. Judging by the results of experiments at some selected localities, this approach is beneficial to both producers and consumers. It has helped to encourage production and satisfy market demands and the everyday needs of the people without destabilizing the general price level. We must resolutely fix commodity prices according to quality and set reasonable price parities between the wholesale and retail trades and according to season and region as a measure to raise the quality of commodities and to promote and regulate their circulation.

In the next three years, on condition that there is no substantial price readjustment, we should reform the tax system and hasten the substitution of taxes on enterprises for profits delivered to the state. This will give greater scope to the regulatory role of taxation in economic activities and improve the relations between the state and enterprises. The old method of management of unified state allocations for state-owned enterprises and unified collection of receipts from them, a method of "everybody eating from the same big pot", shackles the growth of the productive forces. To change this situation, experiments in substituting taxes for delivery of profits have been conducted in over 400 industrial enterprises in the last three years. Some of the experiments cover a city or county while others involve an entire trade in one city. On the whole, the results are fairly satisfactory. In all the experimental enterprises, the growth in income from sales of products has been markedly higher than that in gross output value and, in particular, the growth of both profits earned by the enterprises and taxes turned over to the state is much higher than that in gross output value and, in particular, the growth of both profits earned by the enterprises and taxes turned over to the state is much higher than that of gross output value and income from sales. This means a sharp rise in economic results. Moreover, both the state and the enterprises benefit, with the state receiving a greater part of the increased profit in the form of taxes and payment for the use of state funds, and the enterprises earning more income than previously. Therefore, this substitution should be affirmed as a positive measure. Such reform should, however, be carried out step by step on the merits of each case. There should be two steps for big- and medium-sized state enterprises. The first step, to be started in the period of the Sixth Five-Year Plan, provides for both taxation and profit sharing, that is to say, a certain proportion of an enterprise's profit is paid to the state as income tax and local tax, while the remainder is divided appropriately and in different forms between the state and the enterprise. The second step provides for the collection, when the price system has in the main become appropriate, of a progressive income tax in accordance with the amount of profit. We plan to adopt, by stages and groups in the next three years, such diversified forms of operation for small state-owned enterprises as contracting or leasing them to collectives or to workers and staff members as individuals, with the state collecting taxes and the enterprise paying for the use of state funds and assuming sole responsibility for its own profit or loss.

Meanwhile, to meet the needs of economic development, the rates of industrial and commercial taxes on some products will be duly readjusted and some new taxes introduced wherever necessary. This will give fuller play to the role of taxation in accumulating funds and regulating production, circulation and distribution. These reforms in the system of taxation and profit delivery will profoundly change enterprise operation and management, facilitate adoption by enterprises of the system of economic responsibility and enlarge their decision-making power. They will help to link the interests of an enterprise better with its performance and growth.

Some of the irrationalities in our current economic life, such as creating barriers between town and country, between higher and lower levels and between different departments or regions, excessive manufacturing of identical products, blocking the channels of circulation, misuse of transport facilities, duplication of leadership, and departments and regions hamstringing one another, are related to the present administrative system and structure. Unless this state of affairs is changed, it will be virtually impossible to do anything that needs to be done or to reduce waste throughout society. To solve this problem, we must give scope to the role of all trades and that of the cities, particularly that of big- and medium-sized cities, in organizing economic activities. Guided by this principle, we should gradually and in an appropriate way readjust the system of administering enterprises in the course of their reorganization and amalgamation. National corporations and the small number of large key enterprises should be put under the direct administration of the relevant leading departments of their trades at the central level, while the vast number of other enterprises should gradually come under the administration of city authorities. With regard to enterprises in the latter category, the relevant leading departments should, based on the overall situation, take charge of their development plans, economic and technological policies, technical norms, dissemination of new technologies, creation of new products, and so on. With regard to enterprises in the former category, the authorities of the city where the enterprise is located should continue to be responsible for co-ordination in production, and so on. As for the enterprises within one city, regardless of their trades, the city authorities should be responsible for gradually organizing specialized production and socialized services with independent operation and accounting so far as the casting, forging, heat treatment, machine repair, electroplating and other processes and service facilities in these enterprises are concerned. Production and circulation should also be unified, centering on the more economically developed cities so as to carry along the surrounding rural areas and gradually form city-based economic regions of different sizes and types. This is an objective of the reform that should be gradually carried out under guidance after preparations are made and experience is accumulated in pilot projects.

The Jiangsu Provincial Government recently decided to embark on some experiments in the forthcoming administrative reform so as to adapt the administrative system and structure to meet the requirements for restructuring the economic systems. The main ideas are as follows: departments and bureaus at the provincial level will, as a rule, not be directly responsible for province-owned enterprises, which are to be put under the administration of the cities where they are located; in more economically developed prefectures, the administrative departments at the prefectural and city levels will be merged, with the city exercising jurisdiction over the surrounding counties;

In economically underdeveloped prefectures, the commissioner's offices will, as the representative agency of the provincial government, supervise and check up on the work of their subordinate counties, with the enterprises originally under the administration of the commissioner's offices now put under the authority of the city or county where they are located. In recent years, Qingyuan County in Guangdong Province has made a fruitful experiment in which the county economic commission exercised unified control over the economic activities of the enterprises within the county. Obviously, these reforms help simplify administration, reduce organizational overlapping and raise work efficiency and greatly encourage the integration of town and country and of departments and regions at different levels and facilitate rationalization of enterprise structure and of the geographic distribution of productive capacity.

A new feature of our present economic situation is that far greater supplies of farm and sideline products and manufactured consumer goods are now available on the market. In contrast, the system of commodity circulation has grown increasingly out of keeping with the objective demands. It has been handed down almost unchanged from the 1950s. In those years, it served to restrict and transform private industry and commerce and control commodities in short supply. But objective conditions have changed tremendously in the past two decades and more, and it is now essential to make its reform an important item on the agenda. State commerce should without doubt play a leading role in commodity circulation. At the same time, we should give scope to the positive role of collective commerce and individual traders and pedlars and to the part productive enterprises can play in selling their own products. We must resolutely break regional blockades, unclog the channels of circulation between town and country, and explore more avenues for commodity circulation and reduce the intermediate links so as to form a really unified socialist market and facilitate commodity interflow. The State Council has, therefore, instructed the Committee for Restructuring the Economic Systems to organize the departments concerned and theoretical and practical workers who specialize in commodity circulation to study this question, make an appraisal and draw up at the earliest possible date a short-term plan for reforming the system of commodity circulation, together with necessary and effective measures for its implementation.

There is much to be done in the many-sided reform of the economic systems. Apart from working out a plan for comprehensive reform, we should in the coming three years focus our work on the following: (1) to gradually replace profit delivery with taxation for state enterprises as a measure to improve the relations between the state and enterprise; (2) to bring into play the role of key cities in resolving the contradictions between departments and regions at different levels; and (3) to reform the system of commodity circulation so as to promote the production and exchange of commodities. The accomplishment of these three tasks will set in motion the reform of our economic systems as a whole.

Finally, I would like to discuss in particular the question of agriculture and work in the rural areas.

The situation in the countryside has been very good in recent years thanks mainly to application of a series of correct policies and to the introduction of diverse forms of the responsibility system for production, which have unleashed the peasants' enthusiasm.

The all-round contract system created in practice by the masses was initiated in outlying poverty-stricken areas and soon spread to well-off areas that are more developed economically. This has now become the principal form of the responsibility system in most rural areas, adopted not only by economically backward brigades and teams that engage in one-crop farming, but also popularized in turn among economically advanced brigades and teams that have a highly specialized division of labour. In the course of this process, the all-round contract method has been enriched and refined into a form of production responsibility contracted by a household or group under unified or separate management, or a combination of both, where payment is reckoned according to output, and the households or groups contribute a fixed share to the collective and state. Diverse in form, this contract system is invariably characterized by direct benefits, clearly defined responsibilities and simple procedures. It gives the peasants decision-making power in production and management and helps overcome egalitarianism in distribution. With great flexibility, adaptability and vitality, the system has yielded satisfactory results. Many places report that, with the introduction of this responsibility system, production has gone up, the relationship between cadres and peasants has markedly improved and bureaucratism, arbitrary orders, corruption, waste and other obnoxious practices have declined sharply. This system has now spread from a few areas to most parts of the country, from the countryside to towns and cities and from agriculture to other spheres. It is by no means accidental that this system is gaining ground across China, much to the acclaim of the people. It has proved to be an effective form for bringing out the superiority of the socialist economic system in the rural areas at the present stage. The task for us now is to stabilize and improve the responsibility system for agricultural production. The responsibility system can be allowed to take various forms which may be improved in the course of practice. We must never try to prevent the masses from adopting the system of contracted responsibilities on the household basis with remuneration linked to output, or any other forms that they like. Instead, we should encourage them and help solve problems that crop up. We must proceed from the actual situation and study how to solve the problems in unified or separate management and the forms of contracted work in conformity with the local economic level and other characteristics.

As the output-related system of contracted responsibilities has spread, as a large number of specialized households and households doing specialized jobs besides crop cultivation have come to the fore and as there has been a steady growth of rural commodity production, economic combination has become a necessity and reflects popular will. This is not a combination of the old type. Serving the expansion of commodity production, it helps improve the work before and after production and facilitates co-operation in such specialized and socialized services as the dissemination of techniques, supply and marketing, processing, storage, transport, plant protection and supply of information. Through diverse forms and different levels of combination, the contract system and other means, the economic activities of the peasant households or groups are linked with the big state-owned socialist industries, transport services, commerce, farms and scientific research institutes, leading to close economic ties with them. It should be realized that with the predominance of the socialist state economy, such economic ties and co-operation help to strengthen planned guidance over the peasants' main economic activities and bring them more effectively within the orbit of state planning and make them an organic part of the socialist economy.

From a long-term point of view, the development of economic combination before and after the production process on the basis of a division of labour and of the system of contracting specialized jobs will greatly stimulate commodity production in the rural areas and the prosperity of the rural economy as a whole, thus opening up a correct and distinctively Chinese road and bright prospects for the growth of socialist agriculture. Some embryonic forms of combinations have already appeared, including the combination of specialized productive undertakings, the combination of production, supply and marketing and the combination of technical services. We should guide these properly according to circumstances, help various forms of combination to improve in the course of practice and sum up experience from time to time, instead of rashly approving this form and rejecting that. In short, on the question of combination we should be realistic, adhere to the principle of voluntary participation and mutual benefit, respect the initiative of the masses, and move ahead only when conditions are ripe, thus ensuring steady progress.

"Spare no effort in promoting grain production and actively develop diversified undertakings" is our comprehensive policy for agricultural production, and the slightest neglect of either aspect will result in one-sidedness. Ours being a country with a vast population but limited arable land, feeding the people has always been a matter of prime importance, and we may pay the closest attention to grain production. It must be laid down as a long-term policy admitting of no wavering whatsoever on our part that all land suitable for growing grain crops must be used for that purpose and not others. Certain specific policies should be adopted to ensure that peasants in the main grain-producing areas derive benefit from their productive activities. On the other hand, precisely because we have a huge population and a scarcity of arable land, we must not concentrate all our labour power on the limited acreage under cultivation but must turn our eyes to the vast expanse of our country's territory and make full use of our rich agricultural resources in the hilly and mountainous areas, the grasslands and the waters. On the premise of ensuring the steady growth of grain production and preventing the deterioration of the ecological environment, we should boldly develop diversified economy. This will absorb more labour power, particularly woman and subsidiary labour power, put funds in the rural areas to better use and rationally exploit our natural resources, and it will also provide more favourable conditions for protecting and promoting grain production. In this way, our human, land and material resources can be turned to best account.

In developing agricultural production, we must attach great importance to the role of science and technology and, as soon as possible, set up a scientific and technological research and dissemination network in the service of agriculture. The peasants should be encouraged to provide themselves with various scientific and cultural facilities within their means so as to raise the level of their scientific and general knowledge. At the same time, we must try to improve the conditions for agricultural production and call on the peasants to rely on themselves and, through the accumulation of funds and the investment of labour, to carry out agricultural capital construction projects as local conditions permit. State investment in agriculture should be used mainly for projects that the peasants cannot afford, such as large-scale water conservancy works, development of major forest areas, main roads and telecommunications facilities.

At present, two bad practices prevail in the countryside: one is seizing farmland to put up houses, and the other is indiscriminate felling of forests, both entailing grave consequences.

The Central Committee of the party and the State Council have already taken some measures and will take more wherever necessary to check such practices without hesitation. We must educate the cadres and the peasants to keep in mind the interests of the whole country and the well-being of future generations and not just pursue local and immediate interests at the expense of national and long-term interests.

Fellow deputies, overall fulfilment of the Sixth Five-Year Plan requires that we firmly implement the principle of building both the socialist material and spiritual civilization and continue to step up socialist political development and improve ideological and political work. Under the guidance of the new constitution to be adopted by this session, we should continue to improve socialist democracy and strengthen the socialist legal system the better to protect the rights of the people of all our nationalities as masters of the country. The struggle against serious criminal activities in the economic and other spheres must be continued and public order improved. In the next three years, we should mobilize all government departments and the whole of society and give full scope to the role of the public security, procuratorial and judicial organs in reducing the crime rate substantially, dealing resolute blows at the counter-revolutionary activities of the hostile elements who attempt to undermine the socialist system, and eliminating threats to the safety of women and children and other vile practices that debase social morality, thus winning a decisive victory in making a fundamental turn for the better in the standards of social conduct. The aim is to create good public order and order in production and other work for successful implementation of the Sixth Five-Year Plan. We must continue to strengthen national defence, raise the level of scientific and technological research in this field, the standard of the equipment of the Chinese People's Liberation Army and its military capability and political consciousness, step up militia work and increase our defence capabilities so as to safeguard our socialist modernization.

We should persevere in restructuring government departments during the next three years. Restructuring of departments under the State Council as regards the leading bodies and the organizational set-up has in the main been completed. But there is still a long way to go and our task remains arduous. At present, low efficiency and the bureaucratic style of work remain rather serious. We must solve these problems, or we shall find it difficult to arouse the initiative of the cadres and masses and may very well face the danger of losing what we have achieved in the reform. All departments under the State Council must establish strict systems of responsibility so that every functionary has clearly defined responsibilities and every kind of work has someone to be held accountable for it. We must eradicate the undesirable work style of shifting responsibility onto others and putting things off indefinitely. We must go deep among the masses, acquire a better understanding of objective reality, investigate and study matters more systematically, and stamp out the bad habit of deciding important matters subjectively without investigation or study. Restructuring of government institutions at the provincial, municipal and autonomous region as well as the prefectural and city levels is to start this winter and is expected to be completed in the first half of next year. Restructuring at the county and grass-roots levels is to be completed between the winter of 1983 and the spring of 1984. Thus, the restructuring of government institutions will be completed throughout the country in the spring of 1984. This will give us greater initiative in doing our work.

Fellow deputies, inspired by the spirit of the party's twelfth national congress, the people of all our nationalities are striving to create a new situation in all fields of socialist modernization.

With promulgation of the Sixth Five-Year Plan and the annual plan for 1983 upon approval by this session, our people will have more clearly defined immediate objectives to strive for, and they will be able to link their present work closely with the long-term development of the country. This will be an encouragement to the entire people who will become even more determined in their march towards the great goal set for the end of this century. Government at all levels shoulder heavy loads of work and tremendous responsibilities. To bring about a new situation, we should boldly engage in creative endeavours and at the same time study diligently, work in a down-to-earth manner and advance step by step. There are arduous tasks and numerous difficulties ahead of us. We must give free rein to the initiative of the broad sections of mental and manual workers and carry forward the revolutionary spirit of building our country through hard work. United and through strenuous effort, we will certainly be able to complete the Sixth Five-Year Plan, achieve one success after another for our socialist cause, and make our great motherland more powerful and prosperous with each passing year.

RENMIN RIBAO 13 Dec Editorial

HK131038 Beijing RENMIN RIBAO in Chinese 13 Dec 82 pp 1, 5

[Editorial: "A Great Call -- Happy To Read the Excerpts of the Sixth 5-Year Plan"]

[Text] Today, this newspaper publishes the excerpts of the "Sixth 5-Year Plan (1981-85) for the National Economic and Social Development of the PRC." This plan has already been approved by the Fifth Session of the Fifth NPC. Its full text consists of 36 chapters and 100,000 characters. The excerpts being published today consist of 30,000 characters. Though it is shortened, all the major features of the plan, including the basic tasks, and all the targets, principles, policies and major measures are included. This plan is closely related to the immediate interests of every Chinese citizen. We believe that the 1 billion Chinese people will try to understand and will study all its content with great concern. They will all relate this plan to the conditions in their areas and units and with their labor, work and study and strive to turn it into their own actions.

When the First 5-Year (1953-57) Plan was approved by the Second Session of the First NPC in 1955, it was also published in the newspapers and well-accepted by the people of all nationalities throughout our country. That plan greatly inspired the people to conscientiously plunge into large-scale economic construction. Following the beginning of the Second 5-Year Plan, because of our persistence in "regarding class struggle as the key link" and our frequent engagement in movements of political criticism, the next few 5-year plans were not presented to NPC sessions for examination, discussion and approval or disclosed to our people. A careful reader might casually find in passage published on our newspapers something related to these plans, such as "welcome the first year of the Third 5-Year Plan" or "this year is the year in which we begin our Fourth 5-Year Plan." However, the broad masses of the people did not have access to the details of the targets or fulfillment of these plans. Owing to the joint efforts of the party and the people, we have scored great achievements in our socialist construction in the past few decades. However, our failure to inform the people of these plans often resulted in the plans themselves failing to be feasible or well-conceived and even in taking 1 year to make a 1 year plan. This made it impossible for us to guarantee the people's full exercise of their right as masters. Furthermore, it could not help but seriously hinder giving play to the superiority of the socialist system.

After more than 20 years, we once again can read our 5-year plan in our newspapers and this has aroused a feeling of finding something we have missed for a long time.

This itself shows that our country's political and economic life has resumed its orbit of healthy development. As masters of the country, the people of all nationalities have the right to know the inside state of affairs of their country. They are entitled to know the revenue and expenditures and the focus of the investment of their country; to know what difficulties our country is faced with in its economic life and what measures will be adopted to overcome these difficulties. They are entitled to know what change will be brought about in the economic and social features of their country after 5 years of construction and to what degree the people's livelihood will be improved. Our people have the right to know all these. When they know about the "inside state of affairs" of their country, they can unite as one and perform their duties as masters to increase our country's wealth and fulfill and overfulfill the 5-year plan.

The Sixth 5-Year Plan is comprehensive in its content. Its focus is conspicuous, its tasks are clearly put forth, its measures are vigorous and the steps it stipulates are sound and feasible. This plan has been formulated by using Marxism-Leninism-Mao Zedong Thought to sum up the historical experiences in our socialist construction including the work of planning and through a thorough investigation and study. It has materialized the strategic goal, focuses and steps for our economic construction that were put forward by the 12th party congress. It is a feasible short-term plan for the realization of our magnificent goal. It enables us to clearly know the short-term tasks of our struggle and to relate our current work with our long-term development. The fulfillment of our Sixth 5-Year Plan can be regarded as the first battle in creating an overall new situation in our socialist modernization. A victory in this battle has a great bearing on laying the foundation for development in the 1980's and for making our economy prosper in the 1990's.

After carefully reading the Sixth 5-Year Plan we can see that the formulation and implementation of this plan has an ample objective and scientific basis. It is a positive and safe plan. There are neither excessively high targets nor impractical slogans throughout its content. According to the plan, the gross value of industrial and agricultural production will increase by 21.7 percent, with an average progressive increase of 4 percent annually. Of this, both the gross value of agricultural production and that of industrial production are to increase at an average rate of 4 percent a year and, in the implementation of the plan, efforts should be made to strive for a 5 percent increase. This is what is usually referred to as "ensuring a 4 percent increase and striving for 5." As far as the rate of progressive increase of agriculture is concerned, in the 28 years between 1953-1980, our agriculture increased at an average rate of 3.4 percent annually. Therefore, the target of increasing the rate of progressive increase from 3.4 to 4 percent is not a low one and great efforts should be made in order to attain it. As far as the rate of progressive increase of industry is concerned, the target of 4 percent is lower than the average rate in the past 28 years. This is because we have taken into account the fact that it will be impossible for energy production to see a considerable increase in the near future and that it will also be impossible to completely change the strain on communications and transport. At the same time, the task of readjusting industry is still quite arduous. The fact that we are not fixing a high target is helpful to the readjustment of proportions and fuller preparations for the Seventh 5-Year Plan. Judging from every aspect, the Sixth 5-Year Plan is one that has been carefully worked out. A positive achievement of the planning department in setting things right and eliminating "leftist" ideas, it is a plan that can be fulfilled through efforts.

A notable feature of the Sixth 5-Year Plan is that it stresses the improvement of economic results. The historical experience of our economic development has proved that that improving economic results in the fields of production, circulation and capital construction is the core of the matter.

The tendency to concentrate on speed and output value without paying attention to economic results has resulted in the waste of a large amount of valuable energy and raw material and overstocking of large quantities of goods and materials. We have suffered great losses in our attempt to seek an undeserved reputation. This is a very profound lesson. In the field of capital construction, for a long time in the past we were keen on "going in for" or "developing" something "in a big way." We concentrated a large sum of money on the construction of big factories that required heavy investment and had a long cycle, thus using a large amount of financial and material resources. Even after being delayed for a long time, production capacity could not be brought into play. This was also a very profound lesson. In the Sixth 5-Year Plan, we have drawn upon these lessons by taking the improvement of economic results as a precondition. It demands a speed that does not depart from economic results, but rather a realistic speed that concentrates on economic results. In defining the scale of investment for fixed assets, the plan takes into account the fact that it should not only be adapted to the financial resources of the state but also improve the economic results as far as possible. This reflects, from one aspect, that our understanding of the objective law governing economic construction has greatly improved.

In the Sixth 5-Year Plan, the outlay for education, scientific, cultural, health and sports undertaking has been increased to some extent. The number of students to be enrolled in full-time colleges and universities will be increased considerably. Higher education, such as broadcasting and television, correspondence and evening universities also will be greatly developed. In science and technology, the 40 major scientific and technological achievements will be popularized in an all-round way; efforts will be made to tackle 100 subjects of the 38 scientific and technological items that are of crucial importance to production and construction. Corresponding development will also be made in various cultural undertakings, such as literature and art, movies, television, broadcasting, press, publications, libraries, museums and cultural centers, and health and sports undertakings. The living standard of the urban and suburban population and their housing conditions will both continuously improve to some extent. The conditions of middle-aged intellectuals characterized by excessively low pay and heavy workload will change to some extent. All these are encouraging news.

The First 5-Year Plan implemented from 1953 was a plan that had been formulated and implemented in a relatively good manner. Even so, when we read the figures in the Sixth 5-Year Plan and compare them with the figures when we started on our journey, we are still greatly moved. When the First 5-Year Plan was started, our country produced only 1.35 million tons of steel a year. In 1957, we produced 5.35 million tons of steel. We now have more than 30 million tons of steel and its quality, varieties and specifications are incomparable to those at that time. From this example we can see that great development our country has made in its economy. We have made some mistakes, some of them serious, since the First 5-Year Plan. However, once we soberly sum up historical experiences, our past mistakes become our valuable treasure. We should never have too high an opinion of ourselves, nor should we underestimate our capabilities. The people of all our nationalities have high aspirations. Through the efforts of several 5-year plans, we will certainly be able to build our country into a highly democratic and culturally advanced modern socialist country.

Wang Bingqian's Budget Report

OW140126 Beijing XINHUA in English 0105 GMT 14 Dec 82

[Text] Beijing, December 14 (XINHUA) -- Following is the full text of Finance Minister Wang Bingqian's report on the implementation of the state budget for 1982 and the draft state budget for 1983, which was approved at the National People's Congress session on December 10:

Fellow deputies, I have been entrusted by the State Council with making the report on the implementation of the state budget for 1982 and the draft state budget for 1983, which I now submit for your examination.

I. The Implementation of the State Budget for 1982

The state budget for 1982 has been in operation more than ten months, and the situation as a whole is fairly good. Much fruitful work has been done by all the localities and departments under the leadership of the State Council since the beginning of this year. There has been much headway in readjusting and restructuring the national economy, and production, construction and endeavours in other fields have made new advances; structural readjustment of the central state institutions has been almost finished; and marked successes have been scored in the building of socialist spiritual civilization and the struggle against serious economic crimes. On this basis, the state budget for 1982 will be overfulfilled.

According to present estimates, state revenues for 1982 will total 110.69 billion yuan, or 100.2 per cent of the budgeted figure; expenditures will total 113.69 billion yuan, or 100.2 per cent; on balance, the financial deficit can be kept within 3 billion as specified in the budget.

Implementation of the 1982 state budget shows that there will be a basic balance between state revenues and expenditures as in 1981. Although the basic balance is similar in these two years, the specific circumstances are vastly different: It was achieved last year mainly through drastic retrenchment of expenditure, while this year it will be achieved despite increased expenditures. The state this year appropriately increased necessary expenditures to ensure the steady growth of the national economy; meanwhile, efforts have been made to increase state revenues by expanding production, enhancing economic results and exercising stricter financial supervision and control. It is under these new circumstances that a basic balance between revenue and expenditure is being achieved this year. It should be said that the fulfilment of the 1982 state budget marks a new victory in our effort to bring about a fundamental turn for the better in the financial and economic situation. It is the result of continuing the policy of further economic readjustment and greater political stability by the people of all our nationalities under the leadership of the Chinese Communist Party and the people's government.

Of the total state revenue for 1982, tax receipts come to 67.95 billion yuan, or 105.2 per cent of the budgeted figure; receipts from enterprises 31.1 billion yuan, or 90.4 per cent; state treasury bonds 4.2 billion yuan, or 105 per cent. Compared with last year, total revenue will rise from 108.95 billion yuan to 110.95 billion yuan, reversing the downward trend in the previous three years.

As we know, between 1979 and 1981 the state allocated more than 140 billion yuan through revenue deductions or defrayment appropriations for readjusting the economy and solving the host of problems left outstanding over the years, especially those left over from the decade of domestic turmoil, namely, raising the purchase prices of farm and sideline products, reducing or remitting taxes in the rural areas, providing employment for young people in cities and towns, raising the wages and salaries of workers and staff, building more housing for them, speeding up urban construction, etc. As a result, state revenues dropped for three years in a row.

Steady improvement in the economic situation and the gradual solution of the aforesaid problems have halted the decline in revenue, and we anticipate a steady upturn beginning next year. The rate of revenue increase, of course, cannot be very fast for some time. However, the switch from downturn to upturn is a crucial change which shows that the country's financial situation is beginning to improve notably and that our economic readjustment is entering a new and more deep-going stage.

The continued improvement of the country's financial situation in 1982 is the concentrated expression of the steady growth of our national economy in the course of readjustment during the year. Although there were rather severe natural calamities in some areas in 1982, the gross value of China's agricultural output is expected to rise by 5 per cent over last year, and the yield of major crops such as grain, cotton and oil-bearing crops will increase by big margins. Apart from the fact that the state has given the rural areas the necessary assistance, this is because the rural economic policies of the party and government have been adhered to and the various forms of the system of production responsibility earnestly implemented in different parts of the country, thus spurring peasant enthusiasm in production. Light industry has continued to grow this year on the basis of rapid expansion for three years running. Production in heavy industry has begun to pick up after two years of readjustment. The country's gross industrial output value is expected to exceed the 1981 figure by about 7 per cent. Following the growth of agriculture and of the production of goods for everyday consumption, the market supply of commodities has become more ample while prices have for the most part remained stable. Now there is an excellent economic situation throughout the country, and bright prospects are opening up before us. This is heartening. The economy is the foundation of finance. Without the continued improvement in the national economy, it would have been impossible for the 1982 state budget to be fulfilled smoothly.

The sustained improvement in 1982 of the financial situation is also closely related to our correct financial and tax policies and to the active application of the varied forms of the system of economic responsibility in state enterprises. To stimulate the growth of agriculture and give it increased aid, the state has this year continued the policies of providing subsidies for the purchase prices of farm and sideline products and of keeping the agricultural tax unaltered even when output increased. Present estimates put state expenditure for all price subsidies in 1982 in excess of 33 billion yuan. Of this, around 17 billion yuan are subsidies for the purchase prices of grain, cotton and oil-bearing crops and the additional prices for above-quota purchase of these. The state allocated considerable funds this year for updating equipment in present enterprises and for their technical transformation and trial manufacture of new products. Together with depreciation funds earmarked for enterprises and special-purpose loans, the total comes to nearly 30 billion yuan in this respect. The state has backed up the enterprises' decision-making power in operation and management and strengthened the economic responsibility system in 1982 by allowing them to keep around 17 billion yuan at their disposal through permission to set aside enterprise funds, retain a portion of their profits and practise the system whereby they are responsible for their own profits and losses. Enterprises have used these funds to expand production and provide more welfare facilities for their workers and staff.

The state has also readjusted the tax rates upwards or downwards on a small number of industrial products this year to facilitate readjustment of the national economy and continue to make use of the function of taxation in encouraging or restricting production. These measures have yielded good results and played a positive role in developing the national economy and improving the financial situation.

Total state expenditures in 1982 work out thus: appropriations for capital construction 30.27 billion yuan, or 101.8 per cent of the budgeted figure; funds for tapping the potential of present enterprises, financing their technical transformation and subsidizing the trial manufacture of new products 6.07 billion yuan, or 112 per cent; allocations of circulating funds for enterprises 2.3 billion yuan, or 95.8 per cent; financial aid to rural people's communes and other agricultural undertakings 7.65 billion yuan, or 100.5 per cent; expenditures on culture, education, science and public health work 19 billion yuan, or 105.6 per cent; expenditures on national defence 17.87 billion yuan, or 100 per cent. Compared with the previous year, total expenditure rises from 111.49 billion yuan to 113.69 billion yuan.

Investment for capital construction increased appropriately in 1982 to speed up the building of key projects. It is estimated that direct budgetary appropriations in this respect will rise by 1.6 billion yuan over the previous year, mainly for projects for basic facilities like energy and transport. The tempo of construction of some major projects has accelerated and the returns on investment for some projects have increased. First-stage construction of the Meishan iron base for Shanghai, installation of the No's 3 and 4 generator sets of the Gezhouba dam hydro-electric power station in Hubei Province and construction of the Datun coal washing plant in the Datun mining area in Jiangsu Province have been completed and the projects put into operation. The 1982 annual plan for creating new productive capacity for cotton textile spindles, synthetic ammonia, chemical fertilizer and depots for commercial oil was completed ahead of schedule.

More funds have been earmarked for cultural, educational, scientific and public health undertakings, and this has contributed to their development. The increase is estimated to be more than 1.86 billion yuan over last year, raising the total outlay for such undertakings from 15.4 per cent of state expenditures last year to 16.7 per cent this year. Thanks to the efforts by the departments concerned, educational work has expanded this year. New student enrolment in institutions of higher learning came to 314,000, a rise of 35,000 over last year, and admissions to vocational and agricultural middle schools totalled 490,000, an increase of 220,000 over 1981. Scientific and technological research has been more successful, its results are better popularized and applied, and scientific and technological consulting services for production and construction have continued to spread. Public health, cultural and physical cultural departments have made advances in treating and preventing diseases, improving the people's physique and protecting their health, promoting family planning and encouraging mass cultural and sports activities.

The state has also given financial help to provide jobs for urban youth and raise the wages and salaries of a portion of workers and staff, and the living standards of the people in town and country have continued to rise. By the end of this year, it is estimated that the state will have created jobs in various forms for more than 5 million people in cities and towns. More urban public utilities and housing for workers and staff are being built.

To solve gradually the problem of remuneration for workers and staff in government administrative departments and institutions where no bonus system is practised, the state raised, in the fourth quarter of last year, the salary of teachers in primary and secondary schools and of a section of the medical and physical cultural workers; it will give, in the last quarter of this year, a pay rise to part of the workers and staff in government administrative departments and institutions referred to above. Since employment and pay have risen, the payroll for workers and staff this year is estimated to be 7.6 per cent more than last year. Increased purchase prices for farm and sideline products in the past few years and growth of production and expansion of the diversified economy combine to ensure a further rise in peasant income this year.

Generally speaking, the 1982 state budget is being carried out well. But we recognize that quite a few problems remain in our economic and financial work. The economic effectiveness of production, construction and circulation is still very low. There has not been much improvement in the chaotic operation and management in many enterprises. Financial control and supervision are inadequate. All this has prevented financial revenues from growing in step with industrial output. Another fairly conspicuous problem is the hasty increase of investment in fixed assets, and in particular there have been too many capital construction projects financed by various units themselves. Coupled with the irrational structure of investment, this has brought poor returns on investment and made it impossible to achieve maximum economic effectiveness. In terms of state finance, this means that the growth of revenue cannot keep pace with the needs of economic and social development in our country, and that achieving a balance between revenue and expenditure remains a rather serious problem. We should work harder and better to keep improving state financial affairs.

II. The Draft State Budget for 1983

In his report to the Twelfth National Congress of the Communist Party of China, Comrade Hu Yaobang proposed that we should, in the two decades between 1981 and the end of this century, strive to quadruple China's gross annual value of industrial and agricultural production and make our people fairly well-off both materially and culturally. This great strategic objective requires a fundamental turn for the better in China's financial and economic affairs in the five years from 1983 to 1987. It is a glorious but hard task. Based on these requirements, the main guidelines for state budgetary revenue and expenditure in 1983 should be: to continue the policy of readjusting, restructuring, consolidating and improving the economy, encourage the growth of production, work for better economic results, tap new financial resources and increase revenues; to concentrate adequate financial resources for construction of key projects in energy and transport while continuing to stimulate the initiative of all concerned; to expand culture, education, science and public health services and keep raising the people's living standards through proper arrangements for expenditures based on needs and possibilities; and, through constantly improving work, to do a better job of striking an overall balance, achieve better budgetary control and maintain a basic balance between revenue and expenditure.

The draft state budget for 1983 sets total revenue at 123.2 billion yuan and total expenditure at 126.2 billion yuan, the latter being 3 billion yuan over the former. We should try to reduce this deficit in the course of carrying out the budget.

Total budgetary revenue for 1983 shows a rise of 12.5 billion yuan compared with the estimated 1982 revenue, or a 11.3 per cent increase. After deducting such non-comparable factors as foreign loans and funds raised for key projects in energy and transport, revenue is to increase by 6.11 billion yuan, a 5.8 per cent growth rate.

The breakdown is essentially as follows: tax receipts 72.97 billion yuan, receipts from enterprises 32.39 billion yuan, basic depreciation funds turned in by enterprises to the central financial departments 2.2 billion yuan, receipts from the issuance of state treasury bonds 4 billion yuan, foreign loans 5.4 billion yuan, and construction funds raised for key projects in energy and transport 6 billion yuan.

The 1983 increase in revenue over the previous year marks a good beginning of the gradual expansion of state financial resources. The margin of increase for total revenue in the 1983 budget exceeds that for gross industrial and agricultural output value and is to be realized mainly through expanding production and improving economic results. In 1983, the state calls for speeding up the consolidation of enterprises, vigorously promoting their technical transformation, effective tapping of potential and cutting back production and circulation costs so as to eliminate enterprise losses. At the same time, financial and tax administration should be strengthened so that any revenue lost, including that illegally withheld by some units, is spotted and collected. Provided these requirements are met, revenue is bound to increase to some extent. In working out budgetary revenue, we have made deductions for factors causing decreased revenue such as larger price subsidies due to more purchase of farm and sideline products, the need to create more jobs for urban young people, and the rising costs of simple reproduction in some trades. As a whole, the 1983 arrangements for state budgetary revenues are forward-looking and can be fulfilled if we exert ourselves.

Some explanation is needed on the construction funds to be raised for key projects in energy and transport as listed in the 1983 budgetary revenue. In order to hasten economic construction and invigorate the national economy as a whole, the state has decided to raise 20 billion yuan for the aforesaid key projects during the remaining three years of the Sixth Five-Year Plan, beginning from 1983. The following methods will be used to raise the funds: increased profit delivery and long-term loans from banks are to account for 6 billion yuan; direct state budgetary expenditures will contribute 2 billion yuan; and the remaining 12 billion yuan will be made available through raising "state construction funds for key projects in energy and transport" from the extra-budgetary funds of various localities, departments and units and from after-tax profits of big collectively owned economic enterprises in cities and towns. The three items together will come to an annual average of over 6 billion yuan.

At present, we have the following problems in our economic development: on the one hand, energy shortage and pressure on transport have become major bottlenecks in China's economic growth, making it imperative to speed up their expansion which, however, is impeded by insufficient funds; on the other hand, some localities, departments and enterprises have used quite a lot of extra-budgetary funds for projects in the processing industry, leading to overlapping investment and blind construction and a haphazard use of funds. Now it has been decided to adopt the methods mentioned above so as to concentrate a fair portion of the over-decentralized funds for projects the state badly needs. This can develop energy and transport more rapidly and also help readjust the structure of investment in capital construction. It has been decided that, to raise construction funds for key projects in energy and transport, the state shall requisition, with the exception of a small number of exempted items, 10 per cent of the extra-budgetary funds of various localities, departments and units, while leaving at their disposal the remaining 90 per cent.

Their regular expenditures will not be affected, provided management is improved and good arrangements are made. We believe that this measure taken by the state to concentrate funds on key projects will win enthusiastic support from all quarters concerned.

As revenue picks up, total state budgetary expenditure for 1983 will be 12.5 billion yuan more than that estimated for 1982, an 11 per cent increase. After deducting such non-comparable factors as investments in capital construction using foreign loans and investments in new key projects in energy and transport to be included in next year's plan, there will be a rise of 6.1 billion yuan in expenditure, or a 5.6 per cent increase. The breakdown is essentially as follows:

(1) Appropriations for capital construction total 36.18 billion yuan, an increase of 5.91 billion yuan over the estimate for 1982. Of this sum, capital construction investment directly provided for in the state budget comes to 19.63 billion yuan, and newly added investment in key projects for energy and transport 6.5 billion yuan (including the 500 million yuan from budgeted expenditure). The two items total 26.13 billion yuan, 6.53 billion yuan over the estimate for 1982. This will mean considerably more construction in energy, transport and other key fields. Moreover, reserve funds for capital construction and investments from stand-by local financial resources total 4.65 billion yuan, 1.02 billion less than the estimate for 1982. Investments using foreign loans amount to 5.4 billion yuan, an increase of 400 million yuan over the 1982 estimate.

(2) Funds for tapping the potential of present enterprises, financing their technical transformation and for subsidizing trial manufacture of new products amount to 6.57 billion yuan. Of this sum, funds for development of technology and trial manufacture of new products are 900 million yuan more than in 1982. Increased production and better economic results in the future will come mainly from tapping the potential of present enterprises, encouraging their technical transformation and adopting advanced scientific and technological achievements. More expenditure for these purposes next year is entirely necessary.

(3) Allocations of circulating funds for enterprises total 2.25 billion yuan, slightly less than the estimate for 1982. At present, a large amount of circulating funds has been tied up by state-owned enterprises, and this must be reduced by speeding up their turnover. The above-mentioned budgetary allocations will be used mainly for new enterprises and for increasing reserves of certain materials.

(4) Expenditures for aiding rural people's communes and other operating expenses for agriculture total 7.75 billion yuan, slightly more than the 1982 estimate. Agriculture is a strategic priority in the development of the national economy. Since the adoption of various forms of the system of responsibility in rural production, agriculture and diversified rural economy have grown rapidly and peasant income has increased considerably. The peasants will make more investments in agriculture, but state financial support is still indispensable. The state funds for agriculture will be used mainly to develop grain production, encourage construction of selected projects for forestry, animal husbandry and fishery, undertake agricultural scientific research and popularize new farming techniques.

(5) Operating expenses for culture, education, science and public health services total 20.4 billion yuan, an increase of 1.4 billion yuan or 7.4 per cent over the estimate for 1982.

Of this sum, operating expenses for culture will go up by 9.1 per cent, for education by 7.3 per cent, for science by 9.3 per cent, and for public health work by 7 per cent, all being higher than the margin of increase in total expenditures and revenues. More intellectual investment and modernization of science and technology are a key link in China's four modernizations. However, funds for these purposes can only increase to a limited extent for the time being because present financial difficulties make it impossible for the state to allocate huge sums. As the financial and economic situation improves, expenditures for them should grow.

(6) Expenditures for national defence account for 17.87 billion yuan, about the same as the estimate for 1982. A certain amount of budgetary expenditures is indispensable for modernizing national defence and building regular armed forces.

(7) Administrative expenses come to 8.5 billion yuan, an increase of 500 million yuan over the estimate for 1982. The increase will be used mainly for salary payments and operating expenses in the public security, procuratorial and judicial departments.

(8) Funds for the disabled and survivors of those who die in the line of duty and for social relief come to 2.4 billion yuan, and funds for creating jobs for school-leavers in cities and towns 380 million yuan, both items being about the same as the estimates for 1982.

(9) Expenditures for repaying the principal and interest on foreign loans total 5.1 billion yuan, an increase of 130 million yuan over the estimate for 1982. By the end of 1983, the total of outstanding foreign loans borrowed as part of state revenue will be an estimated 4 billion U.S. dollars.

(10) General reserve funds amount to 2 billion yuan.

The 1983 state budget provides for a marked increase in both revenue and expenditure compared with 1982. In working these out, consideration has been given to the need for further readjusting the economy, building key construction projects, developing culture, education, science and public health work and steadily improving the people's living standards. At the same time, in preparing the budgeted figures for revenue and expenditure, consideration has been given to the necessary expenditures to cover various price subsidies and various special-purpose funds at the disposal of enterprises and the portion of profits retained by them. It should be noted that the draft state budget for 1983 incorporates the guideline of ensuring the needs of major areas while making all-round arrangements. It is a budget that does not leave much leeway. Reaching the budgeted revenues will demand tremendous efforts, and expenditures must be adequately controlled and economy practised. This will be hard work. But we should realize that the present situation in the country is excellent and many favourable conditions exist. Moreover, the State Council has adopted a number of important measures to solve current problems in economic work. It is, therefore, entirely possible to execute this budget. We must conscientiously apply the various economic and financial measures and do our work well in all fields, actively increase revenues and vigorously curtail expenditures so that the 1983 budget is fulfilled successfully.

III. Strive To Carry Out the 1983 State Budget and Further Improve the Financial Situation

The year 1983 will be one of crucial importance in carrying out the Sixth Five-Year Plan. To satisfactorily execute next year's budget, further improve the state financial situation and do spade work for gradually striking a balance in the next five years between state revenues and expenditures, we must pay special attention to the following aspects:

First, efforts should be made to expand production and tap potential as a basis for increasing state revenues. The key to a steady growth of revenue next year is to focus on improving economic results and making this the first priority in our economic work. Stress was often laid in the past on output value and growth rate to the neglect of economic results. This was a big flaw in our work. We have paid attention to this question in the past two years and the situation has improved. However, it cannot be said that the problem as a whole has been fundamentally solved. For example, taxes and profits delivered by state-owned industrial enterprises per 100 yuan of fixed assets and circulating funds were 30 yuan in 1965, but are expected to be only 24.1 yuan in 1982. The turnover time for circulating funds in state-owned industrial enterprises was 74.8 days in 1965 and is expected to be 111 days in 1982. Fixed assets put to use per 100 yuan of capital construction investment were 93.6 yuan in 1965 and are expected to be 80 yuan in 1982. Poor economic results in financial work are reflected in the failure of revenue to increase in phase with increased production and investment, or in a relatively slow production growth accompanied by a rapid increase in appropriated circulating funds. This situation is to a large extent related to the present irrational economic structure, backward technologies and poor operation and management. We must readjust the economic structure, renew equipment, carry out technical transformation, apply advanced scientific and technological achievements and, in particular, improve operation and management so that all industries and trades can achieve significantly better economic results. In this connection, special attention should be paid at present to improving overall economic results. In judging these results achieved by an enterprise, it is necessary to assess the amount of income from the funds used, the turnover time of circulating funds and the recovery rate of investment in fixed assets. These are substantial criteria. Only when successes are achieved in these three aspects can state revenues grow in pace with or faster than industrial output value and full use be made of all production and construction funds. We should also tighten control of funds allocated for non-productive purposes, pay attention to results of their use and strive to do more and better with less funds.

Second, financial management in state enterprises should be improved in real earnest as an enterprise is readjusted and consolidated. At present, operation and management in many enterprises are chaotic, and loss and waste are serious. About 30 per cent of the industrial enterprises operate at a loss and their total deficit is expected to exceed 4 billion yuan this year. The deficit results mostly from high consumption of materials and energy, low quality of products, poor planning and faulty operation and management. Commercial and foreign trade enterprises, too, have incurred considerable losses due to poor operation and management. Overstocking of goods is quite serious in industrial and commercial enterprises. At present, more than 18 million tons of rolled steel are sitting in warehouses and the total value of machinery and electrical products in stock exceeds 58 billion yuan.

How well enterprises are operated and managed has a vital bearing on the stability and progress of state finance. The State Council has decided to consolidate the enterprises by stages and in groups over the next three years, demanding that adequate attention be given to the straightening out of financial affairs in the process. The latter aspect means improved financial management in enterprises, better groundwork, business accounting and a system of economic responsibility, all aimed at bringing order out of chaos, eliminating losses due to poor operation and management and minimizing overstocking and thus reducing loss and waste and improving economic results. All enterprises must in real earnest improve accounting, statistical, metrological and inspecting work, keep careful records of production and management, establish and improve the quota system for production and use of labour, integrate the assessment of enterprise performance according to fixed norms with the system of economic responsibility, and ensure punishments and rewards based on actual performance. In the course of instituting the system of economic responsibility and putting its financial affairs in order, the Capital Iron and Steel Company has apportioned its major economic norms among the departments, workshops, work groups and individuals concerned and linked this with income distribution so that "everybody has a share in fulfilling the various norms and the overall tasks of the enterprise." Thus the company has been able to increase income when production goes up and even when production is down. In Hunan Province, the food departments have annually purchased nearly 5 million tons of grain and 100,000 tons of edible oils over the past few years. Though the state purchase prices of farm and sideline products were greatly raised in 1979, these departments have increased their income, reduced loss and waste, cut down overstocking and minimized transport costs through improving their work and diversifying operations; as a result, they have reduced operational losses by 22 per cent, excluding price subsidies. This shows that it is possible for an enterprise to tap potential, create more wealth for the state and lighten the state's burden by setting financial affairs to rights and improving the system of economic responsibility. This is of great practical significance for balancing state revenue and expenditure.

Third, we must work within our capability and properly handle the relation between national construction and improving the people's livelihood. Both aspects demand that we act in accordance with our capability, do nothing beyond our means and practise economy by meticulous calculation and strict budgeting. We must stick to the basic principle of "first, feed the people and second, build the country," giving consideration to both national construction and improvement of the people's livelihood rather than stressing one at the expense of the other. For quite a long period in the past, construction was over-emphasized to the neglect of the people's living standard. In recent years, the state has readjusted the ratio between accumulation and consumption and the people's standard of living has thus been raised significantly. This is absolutely necessary. In the years to come, we must continue to handle well the relation between socialist construction and improvement of the people's life. On the one hand, the state will continue to improve the people's material and cultural life step by step on the basis of expanded industrial and agricultural production and greater economic effectiveness. But we must not do this by cutting back funds for national construction, for that would diminish the funds indispensable for it and in turn, impair the fundamental and long-term interests of the people.

On the other hand, it is entirely necessary to increase investment in construction in a planned way now that there is a turn for the better in the financial and economic situation. But we must assuredly act according to our capability, enforce an overall balance and guarantee the needs of key projects. We must concentrate our limited funds and material resources on projects that are badly needed by national economic and social development and can yield quick results; we should refrain from rashly launching new projects and putting up establishments in order to ensure that minor projects do not squeeze out major ones and to prevent waste resulting from duplicate construction. This question warrants our attention when there are financial and economic difficulties and just as much when the financial and economic situation has improved. The 1983 plan for economic and social development and the 1983 state budget provide for both the necessary capital construction and improvement of the people's life. We must keep strictly to the plan and budget instead of attempting anything beyond our capability.

Fourth, we must take vigorous and sound measures to reform the financial and tax systems and step up financial legislation. As the economic readjustment and reform of the system of economic administration go deeper, reform of the financial and tax systems must proceed more speedily so that the two can go ahead in keeping with each other. New rules and regulations have to be drawn up in the light of the new developments and problems in our present financial and economic work. Take, for instance, the systems of setting up enterprise funds, allowing the enterprises to retain a portion of their profits and making them responsible for their own profits and losses. In the past few years of trial application, they have in general brought good results but some problems have also been revealed, so the experience should be summed up to introduce necessary modifications and improvements. This will help consolidate the system of economic responsibility in enterprises. As for taxation, we are going to introduce step-by-step changes to eliminate certain disharmonies between the present tax system and China's economic growth and so more actively use taxation as a lever in regulating income distribution. We will gradually introduce an income tax to replace a greater portion of the profits currently delivered to the state by state-owned enterprises. This will be a major reform. As regards the collective economy and the individual economy of the working people, the existing tax regulations will have to be revised in some cases and new regulations drawn up in others. In order to promote scientific and technological development, pave the way for technological advance and encourage the upgrading and updating of products and the improvement of their quality, the financial departments must not only properly solve the question of how to acquire funds needed for the trial manufacture of new products, but also work out without delay the necessary financial and tax policies and relevant rules and regulations. Besides, work on other aspects of financial legislation must be hastened so that we shall be able in the next few years to formulate and improve the basic statutes on finances, taxation and financial and accounting work.

Fifth, financial control should be tightened and financial and economic discipline strictly enforced. Over the past few years, we have devoted much effort to education in the need to observe financial and economic discipline. This has improved to a certain extent the situation where financial control was not strict enough and financial and economic discipline was lax.

However, quite a few problems still remain. The State Council organized a general check-up on the financial work of state enterprises in the winter of 1981 and the spring of 1982. This exposed rather serious problems existing to varying degrees in many units, such as general chaos in bookkeeping, false itemization of accounts, unjustified additions to production costs, misuse of specified funds and retention and misappropriation of profits that should have been state revenue. Statistics up to the end of July 1982 show that as much as 4.5 billion yuan was involved in various cases of breaches of financial and economic discipline in the past two years. Of the total, retrievable state revenue amounted to 2.1 billion yuan, most of which was recovered some time in 1981 and 1982. The drive launched this year to crack down on serious criminal activities in the economic field has brought to light violations of state policies and decrees and financial rules and regulations by some localities, departments and enterprises which drew up false accounts, fabricated production costs and final accounts, misused state funds, set up their own "treasuries" for no legitimate reasons and had illegal dealings in foreign currencies; a few had gone so far as to appropriate public property for their own advantage and squandered state funds. All these acts are intolerable, for they run counter to the interests of socialist construction, and we can in no way allow them to remain unchecked. The lessons drawn from some cases show that slackened control and lax discipline in the financial and economic fields not only cause excessive decentralization and waste in the use of huge state funds but also leave loopholes for criminals who engage in graft, embezzlement, speculation, profiteering and smuggling. We must, therefore, tighten financial control and strictly enforce financial and economic regulations as part of our effort to bring about a fundamental turn for the better in the financial and economic situation, in standards of social conduct and in party style. Leading comrades at the various levels should set an example in personally tackling this problem, and they should urge all departments concerned to go about this work conscientiously and must not regard it as the concern solely of the financial and economic departments. To enforce the law and state discipline, the following cases must be resolutely dealt with whenever they occur, with all the funds involved retrieved in full: embezzlement, misappropriation or withholding of state revenue; indiscriminate additions to production costs, retention of an excessive share of profits and dishonest acquisition and misuse of funds in violation of state regulations; unauthorized reduction or remission of taxes, evasion or default of tax payments, abuse in the granting of loans, seizure of public property for one's own unit, use of budgeted funds for extra-budgetary purposes, and changing enterprises under ownership by the whole people into those under collective ownership. Due punishment should be meted out in serious cases. Personnel in charge of projects undertaken with state funds or other financial allocations will be held responsible if the economic results are not up to the mark set by the relevant plans or serious losses and waste are incurred. They should not ask for state funds and do not care what returns such funds may bring. The leading bodies and leading personnel at all levels, in particular, are responsible for strengthening financial and economic discipline. Leading personnel are expected to play an exemplary role in abiding by state laws and decrees and educate cadres to observe financial and economic rules and regulations. It is impermissible to violate laws knowingly, show contempt for them, refrain from punishing law-breakers, and to tolerate or connive at their crimes.

Fellow deputies, the present political and economic situation in our country is excellent, and the entire people are conscientiously carrying out the tasks set by the Twelfth National Congress of the Chinese Communist Party. Although there may be obstacles of one kind or another on our way forward, we shall, under the leadership of the Communist Party and the people's government, be able to overcome all difficulties by relying on the concerted efforts of the people of all nationalities. We must co-ordinate all our efforts, work with a will and in unison so as to fulfil the 1983 state budget and bring about a fundamental turn for the better in our financial and economic situation.

DENG XIAOPING MEETS TWO PROFESSORS FROM TAIWAN

OW140739 Beijing XINHUA in English 0731 GMT 14 Dec 82

[Text] Beijing, December 14 (XINHUA) -- Deng Xiaoping had a cordial meeting here today with two professors from Taiwan who have returned to settle on the mainland.

Ma Bi (Maa Bih), former director of the monthly POLITICAL REVIEW in Taiwan, came back to the mainland last year, and Fan Shoukang, former professor at Taiwan University and curator of its library, returned from the United States in April this year.

Both were elected to the Standing Committee of the National Committee of the Chinese People's Political Consultative Conference last week.

Speaking in the capacity of chairman of the C.P.P.C.C. National Committee, Deng Xiaoping said that sooner or later Taiwan would return to the embrace of the motherland and the country would be reunified. The lead taken by the two professors would produce repercussions, he said.

Deng Xiaoping encouraged Ma Bi and Fan Shoukang to continue contributing their share to the reunification of the country including Taiwan.

Ma and Fan spoke of their joy at the growing prosperity of the motherland they had witnessed since their return and pledged themselves to do their utmost for the country's reunification and socialist modernization.

Present were Hu Yuzhi and Dong Qiwu, vice-chairmen of the C.P.P.C.C. National Committee, and Fan Lenian, son of Fan Shoukang and a specialist in water conservancy who returned from the United States in 1980, and his wife Wang Qiaosheng.

After the meeting, the guests joined the hosts at a luncheon in the Great Hall of the People.

FURTHER COVERAGE OF FIFTH SESSION OF FIFTH CPPCC

CPPCC Constitution

OW122119 Beijing XINHUA Domestic Service in Chinese 1425 GMT 11 Dec 82

[Text] Beijing, 11 Dec (XINHUA) -- Constitution of the CPPCC (adopted by the Fifth Session of the Fifth National Committee of the CPPCC on 11 December 1982)

General Program

During the protracted course of revolution and construction, the Chinese people have developed the broadest patriotic united front, which is led by the CPC and participated in by various democratic parties, nonparty democrats, mass organizations, personages of minority nationalities and patriotic personages of all circles, and which embraces all socialist workers and patriots who support socialism, or who support the reunification of the motherland, including our compatriots in Taiwan, Hong Kong and Macao, and Chinese nationals residing abroad.

The CPPCC is a patriotic united front organization of the Chinese people. In September 1949, the first plenary session of the CPPCC, exercising the functions of the NPC in an acting capacity and representing the will of the whole nation, declared the founding of the PRC, thus giving play to its important historical role. Following the First NPC in 1954, the CPPCC made important contributions by continuing to do a great deal of work in the state's political life and in social life as well as in promoting friendship with foreign countries. In the future, the CPPCC will continue to play its important part in intensifying socialist modernization, in achieving the reunification of the motherland, including Taiwan, and in struggling against hegemonism and safeguarding world peace.

Under the leadership of the CPC, Chinese people of all nationalities have eradicated the exploitative system and established the socialist system. Fundamental changes have taken place with regard to the classes in Chinese society. The worker-peasant alliance has been more consolidated. The intellectuals, like the workers and peasants, have become a force upon which socialist undertakings rely. Most of those who used to belong to the exploitative classes have become laborers who earn their own living. All democratic parties, which have advanced, gone through tests and made important contributions together with the CPC in the course of people's revolution and construction, have become political alliances of those parts of the socialist workers and the patriots supporting socialism they keep in touch with, and they are playing an increasingly important part. People of all nationalities in the countries have developed a national relationship marked by unity, fraternity and mutual assistance. Patriots with religious beliefs have taken an active part in the motherland's socialist construction. Our compatriots in Taiwan, Hong Kong and Macao and our overseas Chinese ardently love their motherland, support the reunification of the motherland and support the country's modernization. Under the new historical period, our country's patriotic united front has an even stronger vitality. It is still an important magic weapon to unite the Chinese people to struggle, and to construct and reunify our motherland, and it will be further consolidated and developed.

Now that the exploitative classes have been eliminated as such, class struggle no longer constitutes a principal contradiction in our society. But owing to domestic factors and international influence, the Chinese people's struggle against the hostile forces at home and abroad will still be protracted, and class struggle will continue to exist within certain limits for a long time.

The principal contradictions our country faces are the contradictions between the people's increasing material and cultural needs and backward social production. The general task of the Chinese people of all nationalities in the new historical period is to rely on our own efforts and work hard to achieve, step by step, the modernization of our industry, agriculture, national defense and science and technology and to make China a culturally advanced and highly democratic socialist country. The CPPCC must, on the political basis of ardently loving the PRC and supporting the leadership of the CPC and the socialist cause, do its utmost to further consolidate and develop the patriotic united front, bring all positive factors into play, unite with all the forces that can be united, and work with one mind and with concerted efforts to maintain and develop the political situation of stability and unity, enhance the building of a socialist democracy and legal system and strive to create a new situation of socialist modernization and realize the general task of the Chinese people of all nationalities.

The CPPCC is an important form of fostering socialist democracy in our country's political life. In accordance with the CPC's policy of "long-term coexistence and mutual supervision" and the principle of "treating each other with all sincerity and sharing weal and woe" with all democratic parties and nonparty persons, the CPPCC will carry out political consultations on the state's cardinal policies and the important issues of the people's livelihood, and will, through making proposals and criticisms, bring its democratic supervisory role into play.

The PRC Constitution is the fundamental guiding principle for all the activities of the CPPCC.

Chapter One: General Principles of Work

Article 1: The National Committee and local committees of the CPPCC operate according to the CPPCC constitution.

Article 2: The National Committee and local committees of the CPPCC participate in the discussion of important issues of the state and local affairs by various means.

The National Committee and local committees of the CPPCC, in accordance with the proposals of the CPC, or democratic parties and people's organizations, hold consultative meetings attended by leading members of various parties and organizations and representatives of patriotic personages of all circles.

Article 3: The National Committee and local committees of the CPPCC propagate and implement the state's constitution, laws and various principles and policies, give impetus to social forces to actively take part in building a highly material civilization and a civilization with a high socialist spirit, and assist state organs in striking at criminal activities undermining socialism in the economic and other spheres.

Article 4: The National Committee and local committees of the CPPCC maintain close ties with the personages of all quarters, reflect their opinions and demands and those of the people they keep in touch with, give suggestions and make criticisms of the work of the state organs and state functionaries, assist the state organs in carrying out organizational and administrative reforms, improve operation, increase efficiency and combat bureaucracy.

Article 5: The National Committee and local committees of the CPPCC readjust and handle the relationship among all spheres of the united front and the important matters concerning cooperation within the CPPCC.

Article 6: The National Committee and local committees of the CPPCC, through various means, actively propagate advanced thought, launch propaganda and education on the social ethics of loving the motherland, the people, labor, science and socialism as well as on revolutionary ideals, morality and discipline.

Article 7: The National Committee and local committees of the CPPCC adhere to the principle of "letting a hundred flowers blossom and a hundred schools of thought contend" -- a principle of developing science and flourishing culture -- maintain close ties with the state organs and other organs concerned, carry out investigation and study in the political, legal, education, scientific and technological, cultural, and art, medical and health, sports and other fields, encourage the free airing of views, open all avenues for people of talent and bring their members' specializations and roles into full play.

The National Committee and local committees of the CPPCC give impetus and render assistance to social forces to start all types of undertakings conducive to socialist construction.

Article 8: The National Committee and local committees of the CPPCC organize their members to inspect, visit and investigate so that they can understand the various situations, study the various undertakings and the important issues regarding the people's livelihood, and submit proposals and criticisms to the state organs and other organs concerned.

Article 9: The National Committee and local committees of the CPPCC organize and promote the study of Marxism-Leninism and Mao Zedong Thought, the study of current events and political matters and the study and exchange of professional, scientific and technological knowledge on the basis of voluntary participation so as to improve the ability of each to serve the motherland.

Article 10: The National Committee and local committees of the CPPCC popularize and participate in implementing the state policy with regard to the reunification of the motherland, actively develop ties with the compatriots and the people of all walks of life in Taiwan and promote the realization of the great cause of the reunification of the motherland.

Efforts must be made to strengthen ties and unity with the compatriots in Hong Kong and Macao, and encourage them to make contributions to building and reunifying the motherland.

Article 11: The National Committee and local committees of the CPPCC propagate and help implement the state's policy on intellectuals, so as to create favorable conditions for bringing the role of intellectuals into full play in socialist modernization.

Article 12: The National Committee and local committees of the CPPCC propagate and help implement the state's nationalities policy, reflect the opinions and demands of the national minorities, and make contributions to developing the economies and cultures of districts inhabited by people of national minorities, to safeguarding their lawful rights and interests, to improving and developing socialist relations among all nationalities, to strengthening the great unity among the people of all nationalities and to defending the reunification of the motherland.

Article 13: The National Committee and local committees of the CPPCC propagate and help implement the state's policy on religion, and unify the patriots in the field of religion and religious believers in offering their share to building and reunifying of the motherland.

Article 14: The National Committee and local committees of the CPPCC propagate and help implement the state policy on overseas Chinese affairs, strengthen ties and unity with Chinese residents abroad and encourage them to make contributions to building the motherland and to the great cause of reunifying the motherland.

Article 15: The National Committee and local committees of the CPPCC propagate and help implement the state's foreign policy, actively and on their own initiative develop people's diplomatic activities according to specific conditions, and strengthen the exchange of friendly visits and cooperation with the peoples of various countries.

Article 16: The National Committee and local committees of the CPPCC engage in compiling, studying and publishing reference materials on modern and contemporary Chinese history on the basis of their special feature as an united front organization.

Article 17: The National Committee of the CPPCC strengthens its ties with its local committees, facilitates the flow of information on the current situation, exchanges experiences and joins the local committees in studying problems of a common nature.

Chapter Two: General Organizational Principle

Article 18: The CPPCC sets up a National Committee and local committees.

Article 19: The National Committee of the CPPCC is composed of representatives of the CPC, the various democratic parties, nonparty democratic personnel, various people's organizations, representatives of the national minorities, compatriots from Taiwan, Hong Kong and Macao, returned overseas Chinese and specially invited persons. The local committees of the CPPCC are formed according to local conditions and with reference to the formation of the National Committee.

Article 20: With the consultation and concurrence of the Standing Committee of the National Committee of the CPPCC, those parties and organizations that agree with this current constitution may participate in the National Committee of the CPPCC. Individuals may participate in the National Committee of the CPPCC after consultation and upon invitation by the Standing Committee of the National Committee of the CPPCC. Those that participate in the local committees are handled by the local committees at various levels according to the above-mentioned provision of this article.

Article 21: The units and individuals participating in the National Committee or local committees of the CPPCC have the obligation to abide by and implement this constitution.

Article 22: The local committees of the CPPCC have the obligation to abide by and implement nationwide resolutions adopted by the National Committee, and a local committee at a lower level has the obligation to abide by and implement region-wide resolutions adopted by the local committee at a higher level.

Article 23: The relations between the National Committee of the CPPCC and its local committees and the relation between a local committee at a high level and local committees at a lower level are one of guidance.

Article 24: A motion at the plenary session of the National Committee of the CPPCC should be adopted only after the motion has won the support of more than half of the members of the plenary session. A motion put forward to the Standing Committee of the National Committee should be adopted only after it has won the support of more than half of the Standing Committee members. All the units and individuals participating in the CPPCC have the obligation to abide by and implement its resolutions. If they have different opinions, they may announce that they have reservations while resolutely implementing the resolutions. The local committees may do the same.

Article 25: Members of the National Committee and the local committees of the CPPCC have the right to vote, elect and stand for election in the CPPCC meeting at the corresponding level and to offer criticisms and proposals on the work of the meeting.

Article 26: The units and individuals participating in the National Committee and the local committees of the CPPCC have the right to participate in discussing the major policies of the state and the major events in their own localities and in offering proposals and criticisms on the work of state organs and state functionaries through the CPPCC meeting and organization of the corresponding level.

Article 27: The units and individuals participating in the National Committee and local committees of the CPPCC have the freedom to announce the withdrawal of their participation.

Article 28: If the units and individuals participating in the National Committee and the local committees of the CPPCC have seriously violated the CPPCC constitution or the resolution adopted by the CPPCC plenary session and Standing Committee, the Standing Committee of the National Committee or that of a local committee can separately issue a warning to the offender on the basis of the seriousness of the case, or cancel its qualification to participate in the National Committee or local committees of the CPPCC.

If the unit or individual disagrees with the judgment, he or it may request to have the case reviewed.

Chapter Three: The National Committee

Article 29: The participating units, the number and the choice of members of each National Committee of the CPPCC are decided on by the Standing Committee of the previous National Committee through consultation.

When the National Committee deems it necessary to increase or change the participating units or the number and the choice of members during its term of office, its Standing Committee should make decisions through consultation.

Article 30: The National Committee of the CPPCC is elected for a term of 5 years. In exceptional circumstances, its term of office may be extended, such an extension must be approved by a majority vote of more than 2/3 of all the members of its Standing Committee.

Article 31: The National Committee of the CPPCC has a chairman, a number of vice chairmen and a secretary general.

Article 32: The National Committee of the CPPCC holds a plenary session once every year. When the Standing Committee deems it necessary, extraordinary sessions may be convened.

Article 33: The following functions and powers of the National Committee of the CPPCC are exercised by the plenary session:

1. revising the CPPCC constitution;
2. electing the chairman, a number of vice chairmen and the secretary general of the National Committee and members of its Standing Committee;
3. hearing and examining the report on the work of the Standing Committee;
4. discussing and deciding the CPPCC's major working principles and tasks; and

5. Participating in discussions on the general orientation and major policy decisions of the country and offering suggestions and criticisms.

Article 34: The National Committee of the CPPCC sets up a Standing Committee to handle its affairs.

The Standing Committee is composed of the chairman of the National Committee, the vice chairmen, the secretary general and a number of members. Candidates for the Standing Committee are nominated through consultation by the participating parties, organizations, nationalities and personages from various circles of the National Committee, and elected by a plenary session of the National Committee.

Article 35: The Standing Committee of the National Committee of the CPPCC exercises the following functions and powers:

1. convening and conducting plenary sessions of the National Committee of the CPPCC; the first plenary session of each National Committee elects a presidium to conduct the session;
2. organizing efforts to fulfill the tasks as provided by the CPPCC constitution;
3. implementing the decisions of plenary sessions of the National Committee;
4. examining and approving, when the plenary session of the National Committee is not in session, important proposals to be sent to the NPC and its Standing Committee or the State Council;
5. appointing and removing deputy secretaries-general of the National Committee upon the recommendation of the secretary general; and
6. deciding on the setting up and changing of working organizations or the National Committee of the CPPCC and appointing and removing their leading members.

Article 36: The chairman of the National Committee of the CPPCC presides over the work of the Standing Committee. The vice chairmen and the secretary general assist the chairman in his work.

The chairman, vice chairmen and the secretary general are the participants in the chairmanship conference to attend to the important routine work of the Standing Committee.

Article 37: The National Committee of the CPPCC has a number of deputy secretaries-general to assist the secretary general in his work. It sets up a general office to work under the leadership of the secretary general.

Article 38: The National Committee of the CPPCC may set up a number of working organizations when necessary; this should be decided by the Standing Committee.

Chapter Four: The Local Committees

Article 39: Provincial committees, autonomous regional committees and municipal committees of the CPPCC are established in the provinces, autonomous regions and municipalities directly under the central government; autonomous prefectures, cities divided into districts, counties, autonomous counties, cities not divided into districts, and municipal districts, where conditions are available, may establish their own local committees.

Article 40: The participating units, the number and the choice of members of each local committee of the CPPCC are decided on through consultation by the standing committee of the previous local committee.

When a local committee deems it necessary to increase or change the participating units or the number and the choice of members during its term of office, its standing committee should make the decisions through consultation.

Article 41: The local CPPCC committees of provinces, autonomous regions, municipalities directly under the central government, autonomous prefectures and cities divided into districts are elected for a term of 5 years. The local committees of counties, autonomous counties, cities not divided into districts and municipal districts are elected for a term of 3 years.

Article 42: A local CPPCC committee at any level has a chairman, a number of vice chairmen and a secretary general. Local committees of counties, autonomous counties, cities not divided into districts and municipal districts may decide not to have a secretary general based on actual conditions.

Article 43: The plenary session of a local CPPCC committee is to be convened at least once a year.

Article 44: The following functions and powers of a local CPPCC committee are exercised by its plenary session:

1. electing the local committee chairman, vice chairmen, secretary general and members of the standing committee;
2. hearing and examining the report on the work of the standing committee;
3. discussing and approving relevant resolutions; and
4. participating in discussions on important national and local affairs and to offer suggestions and criticisms.

Article 45: A local CPPCC committee at any level sets up a standing committee to handle its affairs.

The standing committee is composed of the chairman of the local committee, the vice chairmen, the secretary general and a number of members. Candidates for the standing committee are nominated through consultation by the participating parties, organizations, nationalities and personages from various circles in the local committee, and elected by a plenary session of the local committee.

Article 46: The standing committee of a local CPPCC committee exercises the following functions and powers:

1. convening and conducting plenary sessions of the local committee; the first plenary session of each local committee elects a presidium to conduct the session;
2. organizing efforts to fulfill the tasks as provided by the CPPCC constitution and implementing the decisions of a country-wide nature made by the National Committee and those concerning an entire area made by a higher local committee;

3. Implementing resolutions of the plenary session of the local committee;
4. Examining and approving, when the plenary session of the local committee is not in session, important proposals to be sent to the local people's congress at the corresponding level and its standing committee or the people's government;
5. Appointing and removing deputy secretaries general of the local committee upon the recommendation of the secretary general; and
6. Deciding on setting up and changing work organizations of the local committee and appointing and removing their leading members.

Article 47: The chairman of a local CPPCC committee at any level presides over the work of its standing committee. The vice chairmen and the secretary general assist the chairman in his work.

The chairman, vice chairmen and the secretary general are the participants in the chairmanship conference to attend to the important routine work of the standing committee.

Article 48: A local CPPCC committee at any level may have one or more deputy secretaries general when necessary to assist the secretary general in his work.

Article 49: The local committees of provinces, autonomous regions and municipalities directly under the central government have a general office. The establishment of other work organizations should be decided by their standing committees according to actual local conditions and work requirements.

The establishment of work organizations for the local committees of autonomous prefectures, cities divided into districts, counties, autonomous counties, cities not divided into districts and municipal districts should be decided by their standing committees according to actual local conditions and work requirements.

Chapter Five: Supplementary Articles

Article 50: This constitution will be implemented following its adoption by the plenary session of the National Committee of the CPPCC.

Television Covers Closing

HK140232 [Editorial Report] Beijing Domestic Television Service in Mandarin at 1100 GMT on 11 December carries at the beginning of the evening's newscast a 10.5-minute filmed report on the 11 December closing session of the Fifth Session of the Fifth CPPCC National Committee which is being held in the main auditorium of the Great Hall of the People in Beijing.

The film opens with several long shots of many people sitting in the hall's auditorium and on the rostrum on the afternoon of 11 December. There is then a close-up shot of Deng Xiaoping, who is shown looking off-camera in front of him and is then seen looking and smiling at and nodding to a person walking behind him on the rostrum. This person's face is not shown. As Deng is shown in this close-up shot, the announcer in the voice-over says: "Attending the session's closing ceremony this afternoon are Deng Xiaoping, chairman of the CPPCC National Committee; and Ulanhu, Liu Lantao, Lu Dingyi, Li Weiha, Xu Deheng, Wang Shoudao, Pagbalha Geleg Namgya, Zhuang Xiquan, Hu Ziang, Rong Yiren, Hu Yuzhi, He Changgong, Cheng Zhihua, Yang Xiufeng, Bao Erhan, Zhou Peiyuan, Qian Changzhao and Dong Qiwu, vice chairmen of the CPPCC National Committee."

The close-up shot of Deng is followed by several medium shots of the aforementioned CPPCC National Committee vice chairmen sitting in the front row of the rostrum. During these shots, NPC Standing Committee Vice Chairmen Hu Juewen, Shi Liang and Banqen Erdini Qoigyí Gyancan are shown sitting in the second row of the rostrum.

The film then has a long shot of the rostrum showing the emblem of the CPPCC hanging on the heavy curtain at the back of the rostrum. The emblem is flanked by 10 red flags. This is followed by another close-up shot of Deng Xiaoping, who is seen addressing the closing session. During this shot, which lasts 1 minute, Deng is seen and heard saying: "The Fifth Session of the Fifth CPPCC National Committee had 2,054 people. It had a total of 2,054 members. (Of them), 63 died of illness. Two new members have been elected during this session. Now we have a total of 1,993 members. A total of 1,671 members checked in at the session. A total of 1,464 members are present at today's meeting. There are six items on the agenda of today's meeting. We now ask Vice Chairman Ulanhu to preside over and carry out the agenda."

After Deng is seen and heard saying this, the camera pans to show Ulanhu (wearing glasses) in a close-up shot, sitting on the left-hand side of Deng Xiaoping in the first row of the rostrum. During this shot, which lasts more than 30 seconds, Ulanhu is seen and heard saying: "Now let us come to the first item on the agenda, which is endorsing the CPPCC constitution. All our members have discussed the draft constitution in groups. It has been revised in accordance with suggestions made by our members. It has also been examined and approved at the 22d meeting of the Standing Committee of the CPPCC National Committee. The draft constitution is now submitted to this session for examination and approval."

Next, the film gives a long shot of many CPPCC leaders raising their hands on the rostrum. At this point, the announcer is heard saying that the session has adopted the constitution. This long shot is followed by another long shot of many CPPCC National Committee members raising their hands in the auditorium. The camera then cuts to show many participating members in medium and long shots. Next the camera pans to show Deng Xiaoping and many CPPCC leaders raising their hands on the rostrum and the announcer is heard saying that the session has adopted the resolution on the CPPCC constitution. During this shot, CPPCC National Committee Vice Chairman Liu Lantao is seen sitting on the right-hand side of Deng Xiaoping, and Deng is seen sitting at the center of the front row on the rostrum. After this, many CPPCC National Committee members in the auditorium are shown in a medium shot raising their hands and the announcer says in the voice-over that the session has adopted its "political resolution" on implementing the PRC Constitution and fulfilling the Sixth 5-Year Plan in an all-round way. Next, the announcer is heard reading a summary of the resolution and the film has several medium shots of many CPPCC National Committee members sitting in the auditorium and some lesser CPPCC leaders sitting on the rostrum. During these shots, Huang Zhicheng (in PLA uniform), a newly-elected CPPCC National Committee member and former Taiwan air force pilot, is seen reading a paper in the auditorium.

The camera then pans to show Deng Xiaoping, Ulanhu, Liu Lantao and other CPPCC leaders on the rostrum raising their hands to adopt the resolution endorsing the report on the work of the Standing Committee of the CPPCC National Committee. Many CPPCC National Committee members in the auditorium are then seen raising their hands twice to adopt the report made by the motions committee on the examination of motions and the resolution ratifying the report made by the motions committee, and to elect Ma Bi and Fan Shoukang Standing Committee members of the CPPCC National Committee. This segment ends with a long shot of many people applauding in the auditorium.

The following segment begins with a medium shot of Ulanhu who is seen and heard reading his closing speech. During this segment, Deng Xiaoping is seen listening to Ulanhu's speech; Banqen Erdini Qoigyi Gyancan is seen sitting behind Deng Xiaoping in the second row on the rostrum; and Lu Dingyi and Xu Deheng are seen listening to the speech in the front row on the rostrum. The camera then pans in a close-up shot to show Ulanhu delivering his speech. This shot is followed by several medium and long shots of many CPPCC leaders sitting on the rostrum and listening to the Ulanhu's speech, and of many CPPCC National Committee members sitting in the auditorium and listening to the speech.

During these shots, the announcer is heard reading excerpts of the speech. When the announcer finishes reading excerpts of Ulanhu's speech, the film gives a medium shot of some CPPCC National Committee members applauding in the auditorium and a long shot of CPPCC leaders applauding on the rostrum.

Next the camera pans to show Deng Xiaoping in a close-up shot addressing the session. During this shot, Deng is seen and heard saying: "We have completed the program for today's session. I now declare that the Fifth Session of the Fifth CPPCC National Committee has come to a successful close."

After saying this, Deng is seen applauding and is then seen and heard asking all those present to rise and sing the national anthem. When Deng is seen rising from his chair, a female attendant is seen pulling Deng's chair backward and then pulling Ulanhu's chair backward. At this point, two attendants are seen trying to assist CPPCC National Committee Vice Chairman Zhuang Xiquan in rising from his chair in the front row of the rostrum. During the singing of the national anthem, the film gives a medium shot of Deng Xiaoping, Ulanhu, Liu Lantao and other CPPCC leaders standing on the rostrum. During this shot, a female attendant is seen standing behind Ulanhu and Zhuang Xiquan is seen standing and supported by two male attendants.

The film then gives a medium shot of many people standing in the auditorium and a close-up shot of the emblem of the CPPCC hanging on the heavy curtain at the back of the rostrum. There is then a long shot of many CPPCC leaders standing on the rostrum. During this shot, a man is seen standing on the rostrum, facing the auditorium and leading the singing of the national anthem. The filmed report then ends with a long shot of many people standing in the auditorium.

RENMIN RIBAO: DENG LIQUN ON CPC MEMBERS' DUTIES

HK140847 Beijing RENMIN RIBAO in Chinese 11 Dec 82 p 3

[Newsletter by reporter Wang Yongan [3769 3057.1344]: "The Lofty Duties of CPC Members -- On the Speech Delivered by NPC Deputy Deng Liqun"]

[Text] "The new constitution and Premier Zhao Ziyang's report very clearly define the construction of socialist spiritual civilization, and the core of this construction is communist ideology. During the recent period, all circles have done satisfactory work in the publication of and education in communist ideology, but they have indeed also brought up quite a few problems that we should continue to study. I am going to give my personal opinions on some of the problems related to the theory and policies in order to discuss them with the comrades."

This is the opening passage of the speech of Deng Liqun, secretary of the CPC Central Secretariat and director of the Propaganda Department of the CPC Central Committee, at the fifth group meeting of the Shanghai delegation. These words attracted the attention of everybody and many people took out their notebooks. In the brightly-lit and tidy meeting room, laughter broke out time and again.

Hesitating Outside the Door or Already Inside the Building

A viewpoint has recently emerged that our carrying out of the socialist construction and the series of line, principles and policies, including the strategic goal for us to attain at the end of this century that we have formulated, are but the lowest program of the CPC and the Chinese people.

Concerning this viewpoint, Deng Liqun said, "although this is a problem of wording, it touches on a problem of principle, this is, whether we can correctly summarize and reflect the objective process of our socialist society's evolution. Chairman Mao once said that China's communist movement can be divided into two chapters: the democratic revolution and the socialist revolution. The democratic revolution is our party's lowest program while the final realization of communism through the socialist revolution is our party's highest program. Now the program of democratic revolution, that is, the lowest program, has long been realized and the socialist transformation of the private ownership of the means of production has long been completed. At present, we have entered a new historical period and our tasks are to build a modern socialist country with a high degree of civilization and democracy. Our progress has already pushed us into the stage of realizing the party's highest program, therefore, we will create confusion if we say that our current program is another low program. Marxist theory upholds that a socialist society does not itself constitute an independent society. It is inappropriate to call the general task for the present state the lowest program."

At this point, Comrade Deng Liqun lighted a cigarette and continued to expound to the people that "during the recent period, we criticized the idea that 'communism is a vague illusion.'" Some comrades have changed the wording of this idea and say that what they mean is that it is quite hopeless to realize the higher stage of communism. True, the realization of the higher stage of communism requires the struggle of several generations of people, but we must admit that we have already entered the initial stage of communism. If we regard communism as a building, we have already entered the building instead of hesitating outside the door. Recently, I visited a grand mansion that has nine inner doors. As you enter one courtyard, you find another courtyard inside that one. There is a long distance between the outermost door and the innermost courtyard and one has to go over this long distance before one comes to the main hall. However, being inside of the outermost door and being outside it are essentially different. Is there any communist factor in the initial stage of communism? Yes, there is. Exemplary heroes such as Luo Jianfu and Jiang Zhuying who emerged on various fronts shone with the radiance of communism. A clear understanding of the stage we are in is of great significance in heightening the awareness of our party members and strengthening their confidence in communism."

We Should Not Have a Hired Hand Attitude Toward Our Own Country

In a slow and sonorous tone, Comrade Deng Liqun shifted the topic of his speech to the problem related to distribution according to labor and the communist labor attitude. He said, "distribution according to labor is a principle of socialism. Because at the socialist stage, the level of the development of the productive force only allows the members of society to carry out exchange on the basis of an equal amount of labor, and the income of a laborer as an individual can only be related to the amount and quality of the labor he has contributed to society. Only at the higher stage of communism can the income of a laborer as an individual be disconnected from his labor."

We communists have carried out prolonged and unremitting struggle for the actual implementation of the principle of distribution according to labor in our motherland and we must continue to fight for the realization of this principle. However, as CPC members, we should attain a more lofty realm of thought and must not be restricted by the principle of distribution according to labor. For we are the advanced elements of the proletariat and have to fight for communism. We must, as was advocated by Lenin, consciously and willingly carry out the labor that has not been assigned as quotas and that will not be paid for. On this problem, the Chinese people should be regarded as being the best in the whole world. They do not haggle much over their remuneration in working for their state and society. Any idea that denies this fact and finds fault with our cadres and peoples in this respect is untenable. Marx said that at the higher stage of communism, people will regard labor as a necessity of the first priority in their lives. Are there any party members in our society who have attained such a realm of thought? The answer is in the affirmative. Some comrades find it difficult for them to live if they do not work or study. They work day and night without rest and regard this as a pleasure. Has work not become a vital necessity for them? During the initial period after liberation, we already criticized those who adopted a hired hand attitude toward their own country. A CPC member should sternly criticize the hired hand attitude that upholds giving the amount of his labor according to his remuneration, because this attitude is diametrically opposed to his position as a member of the communist party.

Using Communist Ethics to Regulate Our Actions

Another viewpoint upholds that in a socialist society, we can only advocate and observe socialist morality instead of communist morality and oppose the advocacy of the practice of communist morality in a socialist society. The justification for this viewpoint is that we will trespass the present stage if we regulate people's words and deeds with communist morality. How should we regard this viewpoint? "We have to approach this question by investigating the facts. Judging by the history of the communist movement, we can see that this viewpoint is untenable. Since our revolutionary teachers, the old generation of revolutionaries and the revolutionary martyrs have been able to exemplarily regulate their words and deeds with communist morality, how can it be a practice of trespassing the stage to advocate using communist morality to regulate the actions of communist party members and advanced elements at the initial stage of communist society?"

Deng Liqun went on to say that "we should not regard morality as something abstract and extremely abstruse. The attainment of morality requires self-training, but ultimately it cannot be separated from practice and has to be shown in people's behavior, that is, in their words and actions. To judge whether a communist party member has communist morality, we first of all look into the question of how he handles the relationship between his own personal interests and the party's interests."

Be On Our Guard Against the Corrosion of Capitalism

Deng Liqun explained to all the members of the group the following new situation: "The constitution stipulates that we should oppose corrosive capitalist ideology. This is very important. In implementing our policy of opening to the outside world and enlivening our economy at home, a party member should maintain his communist purity. Judging by the trend of development, some of the policies in our urban and rural areas will be made yet more flexible. What should a party member do to counter this situation? Shall we refuse to allow our party members to do what we allow non-party masses to do?"

After this, laughter broke out all over the meeting room. Sun Daguan, minister of geology and minerals, added that "Such things did happen in the northeast during the land reform and the result was very unpopular." Han Zheyi, secretary of the Shanghai Municipal CPC Committee said: "If our policies are divided into two parts, one for the masses and the other, a different one for our party members, the masses dare not to act according to our policies." Deng Liqun said after Han that, "the key issue lies in education and in the communist awareness of our party members. In order to support Marx's revolutionary activities and scientific research, Engels had to run an enterprise for his father -- against his will -- and become an agent. During the years of our party's underground struggle, some comrades had to run factories or shops acting as capitalists. This is depicted in the film 'The Man Who Deals with Devils.' The situation at present differs completely with the time of underground struggle, but one thing is common, in that whatever activities a party member is carrying out, he should maintain his communist purity. Never should he lower the standard he demands himself to live up to. In carrying out the flexible policies and the economic activities that are allowed by the policies, he should never put profit-making first or do anything against his conscience. On the contrary, he must always firmly remember that he is a party member and pursue the aim of becoming rich together with the masses. He should not conceal anything about his own business including the amount of profit that he has earned. He should pay taxes according to the law and even pay a larger amount of party membership dues. He should manage to spare a part of his income to help the households that have difficulties, to develop production. Should he, as a party member, do this? I think that he should. He can still be a fine party member as long as he strives to maintain his communist purity."

Pursue No Private Interests and Seek No Privileges

Then, a tall, thin old man came to the meeting room and silently sat down. This was Zhu Gongjian, 70, who at present holds the office of vice chairman of the Shanghai Municipal Committee of the China Democratic National Construction Association. He came specially to listen to Comrade Deng Liqun's speech. Deng Liqun said: "Since the CPC took over the political power over the whole country, many of our party members have been assigned leading posts. This is a serious test for us. Indeed, there have been some party members who have not been able to withstand this test and have fallen. When the CPC is in power, each of its members faces great danger. This danger is not so great and at least was not worth mentioning before our party came to power. However, since our party came to power, this danger has become a universal problem and must be carefully handled by every party member. What is this danger and problem? It is using the power of office to pursue personal interests and privilege. Most of the problems of what is called unhealthy party work style and failure to bring a radical turn for the better to party work style are closely related to this. No matter whether a party member is a high-level or low-level leader, he is not allowed to pursue private interests and privileges even if he is not a leader. We have many examples in this respect and we must draw lessons from these examples and thus be on our guard against this malpractice. However, we cannot agree to a kind of erroneous idea that upholds that since the Communist Party came to power, not only a few or a small number of its members but the party as a whole or most of its members will shift from being public servants into overlords who override the people and become their own opposites. In order to prevent bureaucracy and even degeneration and corruption, we should develop to the full inner-party democracy and people's democracy and supervise from the lower to the higher levels all the staff members of the party organizations and state organs. The stipulations on inner-party democracy and people's democracy in the new party constitution and the new constitution are more perfect than before."

"Every party member has the duty to ensure the implementation and enforcement of these stipulations. This is also a question of whether he has any faith in communism. The constitution stipulates that no organizations or individuals have any privilege that transcends the constitution and law. The party constitution stipulates that no party members are allowed to pursue any private interests or privileges. All our party members must personally act to implement these stipulations and conscientiously accept the supervision of the masses and the nonparty personalities. None of our party members are allowed to become exceptional people who are isolated from the masses. Any party member who violates party discipline and state law must be severely punished."

Communist factors exist right among us.

Our country is vigorously forging ahead.

Comrade Deng Liqun declared his hope to the propaganda departments, saying: "Our articles and speeches are aimed at publicizing communist ideology, but the theory they expound cannot be understood or may sound dull to workers and peasants. Therefore, our propaganda workers are faced with the task of learning from the masses and in practice. They should not only learn from the masses for their practice in creating the new life, but also learn the new language that the masses create in their practice."

As soon as the speech ended, Comrade Zhu Gongjian went to Comrade Deng Liqun and shook hands with him, saying: "What you have said is full of insight. A communist must perform such lofty duties."

ZHANG AIPING ON NATIONAL DEFENSE CONSTRUCTION

HK101203 Beijing ZHONGGUO XINWEN SHE in Chinese 0747 GMT 9 Dec 82

["Zhang Aiping on the New Constitution" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 9 Dec (ZHONGGUO XINWEN SHE) -- According to a report by the JIEFANGJUN BAO Zhang Aiping, the minister of national defense, said: The new constitution is the general constitution for administering and safeguarding the country. The constitution entrusts to us the tasks of upholding the safety of the country and strengthening our national defence construction. This is not only the PLA's historic mission but also the glorious duty and sacred responsibility of the whole people.

The new minister of national defense has just returned to Beijing from his trip to inspect the PLA units in northeast and southeast China and other places. In the middle of the 1950's, he directed the first joint sea-land-air battle in the history of the PLA in which the Dachen Islands along the coast of Zhejiang were liberated at one stroke. He told the reporters of JIEFANGJUN BAO: We did not have much equipment for the liberation of the Dachen Islands. Now, there are new developments in the PLA's weapons and equipment and they are continuously developing. In order to meet the demands of a future war, logistic work of the units should be done in three aspects: 1) improve the scientific and technological knowledge of the logistics personnel; 2) improve and develop the logistic equipment with the development of the modern weapons and equipment; and 3) in normal times, it is necessary to cooperate with the industrial departments, communication departments, commercial departments and medical and public health departments in making preparations for wartime mobilization. In case war breaks out, it is necessary to speedily change to wartime logistic security.

Zhang Aiping said: In this world, peace can be won only with adequate preparations for fighting against aggression. There is an old saying: A state becomes powerful when its people are wealthy. However, conversely, without a powerful state, the people's wealth can be destroyed in the flames of war. Thus, we must continuously remind people to "be prepared for danger in times of peace."

Zhang Aiping held that: The results of economic construction are the material foundation for national defence construction and the actual strength of the national defence. In case of war, many departments should provide direct services for fighting the war. If economic construction is not managed well, strengthening the national defence construction is out of the question. Thus, in normal times, we must cut the expense of national defence as much as possible in order to ensure that economic construction can develop at a greater pace. With the development of the national economy, it is necessary to accordingly strengthen the national defence construction. On the other hand, in the economic construction, there is the question of being prepared for danger in times of peace and being prepared for war in normal times. It is necessary to pay attention to embedding the national defence potential in the national economy departments so as to ensure that when the need arises in a war, we can smoothly realize a swift shift in our wartime economic system.

PLA ISSUES CIRCULAR ON STUDYING NPC DOCUMENTS

OW120812 Beijing XINHUA Domestic Service in Chinese 0338 GMT 11 Dec 82

[Text] Beijing, 11 Dec (XINHUA) -- The PLA General Political Department on 10 December issued a circular on studying documents of the Fifth Session of the Fifth NPC, calling on all PLA units to organize the commanders and fighters to conscientiously study the new constitution, documents and resolutions adopted by the Fifth Session of the Fifth NPC.

The circular points out: The Fifth Session of the Fifth NPC examined and adopted the Constitution of the PRC and several laws and examined and adopted the Sixth 5-Year Plan for economic and social development and certain other resolutions. This is a major event in the political life of the whole party, the whole army and people of all nationalities throughout the country. It is of great significance in promoting the successful development of our country's socialist modernization and for the revolutionization, modernization and regularization of our army.

The circular says: The new constitution is a great historical document, the best and most complete fundamental law of the state. It concentratedly embodies the party's correct stand, distinctly upholds the four fundamental principles, fully represents the common will and fundamental interests of the people of all nationalities throughout the country, is most authoritative in nature and has the supreme legal force. It is the general rule for running the country and maintaining stability in the new historical period. All units should educate every cadre and fighter to study well, implement and defend the new constitution, carry forward our army's fine traditions and strive to be models in studying, publicizing and implementing the new constitution.

The circular says: In studying Premier Zhao Ziyang's report on the Sixth 5-Year Plan, the emphasis should be placed on helping everyone to clearly see that the economic situation is getting better and better, clearly understand the fighting goals for the near future, see that the fulfillment of the Sixth 5-Year Plan will put the country's long-range economic construction plan on a safe and reliable basis and enhance confidence in quadrupling gross annual industrial and agricultural output value by the end of the century.

The circular calls on all units to closely combine the study of the documents of the Fifth Session of the Fifth NPC with the in-depth study of the documents of the 12th party congress, combining the study of the constitution with the study of the section "Strive To Attain a High Level of Socialist Democracy" in Comrade Hu Yaobang's report on the Sixth 5-Year Plan with the section "Strive To Attain a High Level of Socialist Democracy" in Comrade Hu Yaobang's report, and the tasks entrusted to our army by the constitution with the goals for army-building set by the 12th party congress. Leading cadres and organs at various levels should take the lead in studying and train cadres to give guidance in the study. At the same time, leading cadres should go to the units to solve questions raised by cadres and fighters. In studying, it is necessary to clarify various kinds of confused ideas in light of people's actual thinking and continue to eliminate the influence of "left" ideas. The study of the constitution should be included in regular political education to help everyone cultivate the notion and habit of observing and defending the constitution. It is necessary to issue various means and forms of propaganda to make the main contents of the constitution known to every person. Cadres at various levels should also educate their children, relatives and friends to uphold and observe the constitution.

NATIONAL TRADE UNION MEETING OPENS 10 DEC

Ni Zhifu at Opening

OWI01225 Beijing XINHUA in English 1130 GMT 10 Dec 82

[Text] Beijing, December 10 (XINHUA) -- China's 18,000 workers' technical cooperation organizations in cities, industrial departments and large enterprises must base development on advanced technology, said Wang Chonglun, vice-president of the All-China Federation of Trade Unions. These organizations involve 400,000 activists and several million workers, he added. He made the remarks at a national trade union meeting that opened here today. Ni Zhifu, member of the Political Bureau of the Central Committee of the Chinese Communist Party and president of the All-China Federation of Trade Unions, presided over the meeting.

During the four-day meeting, a national committee of Chinese workers' technical cooperation will be established and advanced collectives and individuals in technical and advanced collectives and individuals in technical cooperation and renovation will be commended. Attending the meeting are 150 delegates from across the country.

He said: "Cooperation activities have promoted technical improvement and resulted in enormous material results." In 1981, these organizations popularized 2,809 energy conservation items involving advanced technology, thus saving 39 million yuan on energy expenses. In 1980, the Beijing technical exchange station helped conserve 110 million kilowatt-hours of electricity, 45.3 percent of the total conserved in the city, by popularizing infrared heating technology and an aluminium silicate refractory fiber material. Cooperation activities were first sponsored by workers in Shenyang, capital of Liaoning Province, in the early 1960s. Groups of volunteers composed of skilled workers helped factories solve technical problems and produce equipment needed by the state. Later, technical cooperation organizations were set up in many large- and medium-sized cities, thus forming a network for solving technical problems, he said.

The vice-president said, "Professional and workers' technical forces must cooperate with each other to modernize the nation's science and technology and base enterprise production on advanced technology."

"This cooperation embodies the superiority of China's socialist system and helps rapidly change the technical backwardness of enterprises," he said. He urged cooperation organizations to center their work on enterprise technical transformation and improving their economic results, and provide technical services for medium-sized and small enterprises to help them solve technical problems. Citing an example, he said, the Shenyang technical cooperation organization since 1981 has helped enterprises solve key technical problems, thus improving the quality of their products. As a result, 17 medium-sized and small factories have made profits instead of suffering losses.

"In the future, technical exchange and popularization should center on energy conservation," the vice-president said. There is a great gap between China's advanced and backward levels in energy consumption, which indicates the country has great potential in energy conservation. For example, he said, the advanced coke consumption rate for making one ton of iron is only 386 kilograms, while the backward rate is above 700 kilograms. He called on workers' technical cooperation organizations to popularize successful energy-conserving technology in all industries. Of all young and middle-aged Chinese workers, more than 30 million need to have additional technical and general knowledge courses, the vice-president said. Workers' technical cooperation organizations should, therefore, run training courses and lectures for these workers. Trade unions' cultural centers and clubs should facilitate these activities, he said.

Cooperation Committee Set Up

OW121620 Beijing XINHUA in English 1521 GMT 12 Dec 82

[Text] Beijing, December 12 (XINHUA) -- A national committee was established here today to organize workers, technicians and cadres for technical cooperation. The Chinese Workers' Technical Cooperation Committee will coordinate the work of the more than 18,000 local cooperation organizations with several million workers taking part. The committee will publish data, books and journals about their results and train cadres to coordinate the cooperation work.

Wang Chonglun, vice-president of the All-China Federation of Trade Unions, was elected chairman of the committee. A national pace-setter in workers' technical innovations in the early 1950s, he devised a "universal fixture" and adopted improved working methods which enabled him to complete the quota of four years' work in 1953.

Local organizations, in cities, industrial departments and large factories throughout the country, help solve technical problems, make technical innovations and put forward rationalization proposals. They help popularize new technology, processes, materials and advanced operational methods. They also run training courses and help apply scientific research results.

Leaders Commend Advanced

OW121621 Beijing XINHUA in English 1603 GMT 12 Dec 82

[Text] Beijing, December 12 (XINHUA) -- Peng Zhen and other party and state leaders today issued honor citations or certificates to 127 advanced groups and 290 individuals for their outstanding contributions to technical cooperation and innovations. The leaders present included Xi Zhongxun, Song Renqiong, Ni Zhifu and Hao Jianxiu.

The meeting, called by the All-China Federation of Trade Unions, inaugurated the Chinese Workers' Technical Cooperation Committee and commended advanced groups and individuals. The committee will coordinate the work of the 18,000 local workers' technical cooperation organizations throughout the nation.

The Beijing technical exchange center, one of the groups commended today, has run 1,200 training courses for 140,000 people in the past eight years, and sponsored 1,700 lectures for another 210,000 people. The center has helped Beijing's light, textile and food industries solve technical problems, thus cutting costs and consumption of raw materials, while raising product quality. The center helped factories in Beijing's Xuanwu District reduce heat-treatment workshops from 67 to 24, saving more than 10 million kilowatt-hours of electricity each year. The center exchanged experience in making bearings, dies and meters, welding, and in the foodstuffs and electronics industries with Japanese, French, British, U.S., Danish and Hongkong visitors.

Among the commended individuals is Liu Yunxu, vice-president and associate professor of the Jilin Engineering Institute. His improvement of quenching techniques has helped prevent environmental pollution and raise the quality of farm tools. Wang Tongshun, a veteran worker at the Chaoyang Heavy Machinery Plant in Liaoning Province, was also commended. He helped two production brigades and five teams repair farm machines and tools, and trained 26 apprentices, in 800 Sundays and holidays during the past 15 years.

PARTY, STATE LEADERS VISIT SCIENCE EXHIBITION

OW131717 Beijing XINHUA in English 1627 GMT 13 Dec 82

[Text] Beijing, December 13 (XINHUA) -- Party and state leaders Wan Li, Song Renqiong, Zhang Tingfa and Yao Yilin this evening visited the science and research exhibition at the Nationalities Palace of Culture. Sponsored by the Chinese Academy of Sciences, the exhibition displays more than 2,000 major research achievements of the academy since 1978 in agriculture, industry, energy, natural resources, computer technology, lasers, semiconductors, remote sensing technology, nuclear technology, new materials, scientific instruments, and environmental protection. Accompanied by the academy's president, Lu Jiaxi, and vice-president, Yan Dongsheng, the party and state leaders viewed the exhibits and praised the academy for its contributions to the country's socialist modernization. They encouraged the scientists to work even harder to raise their research to a higher level. The exhibition has received more than 60,000 visitors since it opened November 27.

The Chinese Academy of Sciences, a comprehensive natural science research center, has 118 research institutes with more than 30,000 scientists and researchers.

FOREIGN MINISTRY HOLDS DIPLOMATIC RECEPTION

OW101600 Beijing XINHUA in English 1501 GMT 10 Dec 82

[Text] Beijing, December 10 (XINHUA) -- The Chinese Ministry of Foreign Affairs gave a reception here this evening for diplomatic envoys and their wives in Beijing. Present were Huang Hua, state councillor; Wu Xueqian, minister of foreign affairs; Yao Guang, Gong Dafei, Zhang Wenjin, Qian Qichen and Wen Yezhan, vice-ministers of the Foreign Ministry; Han Nianlong, Fu Hao, and He Ying, advisers to the Foreign Ministry. After the reception, guests and hosts listened to a concert by the Central Conservatory of Music.

CHINA POST HAILS U.S. ARMS SALES TO TAIWAN

OW120907 Taipei CHINA POST in English 8 Dec 82 p 4

[Editorial: "U.S. Arms Sales to ROC"]

[Text] After much controversy and speculation as to future U.S. policy toward the Republic of China, the latest Pentagon notification to the U.S. Congress that the administration intends to sell to the Republic of China U.S.\$97 million worth of military vehicles constitutes a timely clarification. The U.S. Congress will have 30 days to indicate its disapproval if it chooses to do so, which is highly unlikely. If it does not object, then the deal will be consummated by the Executive Branch with the Republic of China.

As this is the first offer of the Reagan administration to sell the Republic of China defensive arms, it demonstrates that President Ronald Reagan is fulfilling his promises of continuing to supply the ROC with defensive weapons in accordance with the Taiwan Relations Act. Even though the vehicles offered to us are comparatively small in quantity and consist of only 164 M-113 armoured personnel carriers, 72 M-125 motor carriers and 31 command post vehicles, all of which will be used to equip the ROC's armoured units, yet they represent a U.S. expression of good will and friendship in this critical juncture of our relations.

The Pentagon notification will expire before the New Year's Eve, and presumably Congress will remain silent thereby indicating its approval. Thus it will be a new year's gift for the Republic of China which its 18 million people will greatly appreciate. We hope the Reagan administration will follow up with more arms sales next year so as to greatly strengthen our defense to counter the Peking regime's threat of conquering the Republic of China.

Meantime, we should also strengthen our own defense capabilities by developing an independent defense industry without delay as Premier Sun Yun-hsuan has pointed out. We should rely on ourselves.

COSTA RICAN FIRST VICE PRESIDENT ARRIVES

OW111459 Taipei CNA in English 1409 GMT 10 Dec 82

[Text] Taipei, Dec 10 (CNA) — Alberto Falt Lizano, Costa Rican first vice president, stressed Friday that the Chinese people's diligence and patriotism are helping the Republic of China overcome many problems it is encountering, and the friendship between the two countries is flourishing, in part, due to these characteristics.

First Vice President Falt arrived in Taipei Friday for a six-day visit. In his statement delivered upon his arrival at the Chiang Kai-shek International Airport the vice president said, "The Republic of China has always shown a special friendship toward our country. The numerous bilateral agreements concerning technical and cultural cooperation, the invaluable agricultural, fishing and craftsmanship counsel we have received are proof of this friendship."

"International trade constitutes an important means of tightening bonds between both our countries, and although our market and commercial usages differ, the possibility of extending trade is great," he said.

He believes that substantive relations between the two countries will further grow as the Costa Rican Government's policies will foster increased trade and financial cooperation.

UK'S LORD BELSTEAD HOLDS PRESS CONFERENCE 10 DEC

HK101446 Hong Kong Domestic Service in English 0800 GMT 10 Dec 82

[Press conference held by Lord Belstead, UK minister of state at the Foreign and Commonwealth Office With Special Responsibility for Hong Kong Affairs, on 10 December at the information theater in Hong Kong -- live]

[Excerpts] [Lord Belstead] Ladies and gentlemen: First of all, I am sorry to have kept you all waiting for a moment or two, and thank you all very much indeed for coming to this press conference this afternoon. I am leaving Hong Kong in about 2 hours time and it follows a visit of 5 days. I realize that the visit of that length does not begin to do justice to such an important community, but at least I can say that I have been here for what, perhaps by my standard and maybe not by yours, is a working week. This is, as you may also know, the first time that I have been able to visit Hong Kong since I took responsibility for Hong Kong affairs so far as the Foreign and Commonwealth Office in London is concerned and that happened last April. I must say I wish that the visit I paid could have been made earlier. I certainly wish it could have been longer. Nevertheless, it has given me the chance to meet a great number of people. I have had valuable meetings with the governor, Sir Edward Youde, with our ambassador in Beijing, Sir Percy Cradock. I have also met of course members of the Executive Council and the unofficial members of the Legislative Council [UMELCO]. And I would have met with a wider range of representatives and officials, if possible. I assure you that I have noted very carefully the many expressions of views that I have received. The week that I have spent, however, has not been entirely devoted to just having meetings and talks. I have seen and heard something of Hong Kong's business activity.

One thing that has been obvious to me this week is the concern which is in everyone's mind about the future. Well, it has been immensely helpful to me to be able to hear the views of so many people on this vital question. For my part, I should like to reiterate her majesty's government's commitment to Hong Kong. When the prime minister visited Beijing in September, she and the Chinese leaders agreed to enter into talks with the common aim of maintaining the stability and prosperity of Hong Kong. You, indeed we, may have heard that phrase rather often recently. But don't underestimate its importance. We intend to make a success of the talks. There is no set timetable for them and as the prime minister indicated at the end of September, their contents have to remain confidential. But finally, ladies and gentlemen, just two things: first, it is the talks that count, and we really must not be prejudiced by anything which is said outside the talks; and secondly, we must seek a solution which is acceptable to the people of Hong Kong, to China and Britain. Now, we are supported in the knowledge that our relations with the People's Republic are excellent and indeed have never been better. And I cannot believe that with so much at stake for all three sides, we shall fail to find an outcome which is acceptable to all.

Ladies and gentlemen, that is the opening statement that I felt that I would like to make covering, I hope, the main aspects of my visit, and I will do my best to answer any of your observations or questions.

[Question] [Name indistinct] FINANCIAL TIMES. We last heard from the governor, Sir Edward Youde, at the beginning of October that the talks had begun.

What has been achieved in those talks since then?

[Answer] The talks, that I made clear in my opening statement, are being carried on through the diplomatic channel and they therefore are confidential. I am sorry to be unhelpful, but, I am afraid that is the answer that I have to give you.

[Question] You said that the contents must be confidential; can you tell us their form?

[Answer] No, I can't.

[Question] [Name indistinct] from the HONG KONG ECONOMIC JOURNAL. We are told a number of times by both the Hong Kong Government and also the British Government that the will and the interests of the people of Hong Kong (?have got to be represented) through them in Beijing and in the process of the negotiation over the future, but I would suggest that the best way of assuring that the British delegates do their job properly in Beijing is not by just restating history [word indistinct], but by, I suggest, getting at the (?point) about what has been, and what is, and what will be happening at the negotiating table, so we can judge this by ourselves whether the British delegates to the [word indistinct]. So, with this remark in mind I would like to know what actual proposals have been put forward by the British officials in Beijing?

[Answer] Well, there are two things that I would say. The first is that I am sorry, I must repeat that the talks are confidential, not because of some reasons put forward by any particular parties, but because the leaders of the PRC and the prime minister agreed that the talks should be carried on through the diplomatic channel, and that means confidential talks. But, it is highly reasonable that you should ask the sort of question you have, and it is because I am, as I have said, sensitive to what you have said, but I am particularly glad that I happen to be in Hong Kong here at the present time. [sentence as heard] The reason I am here is that I have got the general responsibility for the relations between London and Hong Kong under the foreign secretary in London. But, I am particularly glad that I have been here at the moment because it has meant I and Sir Percy Cradock, our ambassador, have had the opportunity to meet LEGCO [Legislative Council], UMEICO and a great many other people besides.

[Question] Patrick [name indistinct] of Radio Hong Kong. How soon do you expect the Hong Kong people or the Legislative Council will hear about the form of the China-British talks of the Hong Kong future? How soon will you expect?

[Answer] As I say, I have been able during the last 5 days to hear expressions of views from a whole variety of people here in Hong Kong. This, I think, has been very valuable so far as the negotiations are concerned.

[Question] Who is negotiating on Britain's behalf?

[Answer] Sir Percy Cradock.

[Question] (?Only him)?

[Answer] Well, Sir Percy Cradock is responsible for the talks being carried on through the diplomatic channel.

[Question] Will he be supplemented by other people as the talks develop?

[Answer] What particularly do you have in mind?

[Question] Well, presumably the governor can be drawn in at some stage?

[Answer] This, I think this would be highly desirable.

[Question] [Name indistinct] the prime minister and the Hong Kong Government have repeatedly said that the Sino-British talks on the future of Hong Kong should be kept secret and the leaders, the Chinese officials, have talked frequently on this subject. So, in so doing, is that in fact [words indistinct] also contradictory to the joint statement which was issued after Mrs Thatcher's visit to Beijing?

[Answer] I don't think that anything which we have heard since the prime minister's visit has in anyway contradicted the joint statement which was made at the end of her visit to Beijing.

[Question] My question is this. Since both the governments have declared that the talks should be kept confidential, recently, the Chinese officials have said frequently something. In so doing, will that affect the talks?

[Answer] I take your point. But, I repeat what I said at the beginning of the statement I made: I do hope that the people won't be prejudiced by what they hear said outside the actual negotiations.

[Question] M.L. Ng from radio and television Hong Kong. In general, do you feel there is a need to open up more channels to reflect public opinion on the future of Hong Kong?

[Answer] Well, there is, as I say, I now realize at the end of 5 days, a network of lines of communications here in Hong Kong. I have endeavored to make use of that network as the representative of her majesty's government to listen and, of course, Sir Percy Cradock has been here at the same time. I would have thought that we were hearing loud and clear what it is the people of Hong Kong wish to say.

[Question] We have reports suggesting that Hong Kong will become a special administrative zone to be administered by its own people. Do you regard this proposal acceptable to her majesty's government and the people of Hong Kong?

[Answer] It is a good question because, of course, it is what people are thinking about and wondering about. But it falls precisely into the slot of me asking people not to be prejudiced by what is said outside the talks. And it is not something which has come from out of the talks.

[Question] Will that be considered?

[Answer] Well, that is a matter for the negotiators.

[Question] [Name indistinct] It has been suggested that the talks may be concluded within a time frame of about a year, which would coincide with when Mrs Thatcher has to go to the country again. Is that a sort of reasonable suggestion?

[Answer] I must say if a minister in the government is to suggest on behalf of his prime minister when a general election is going to take place, I should think probably that minister's head will probably be chopped off. Mine certainly would be. I have no idea when a general election is going to take place in Britain and I don't think, if I may say so, that the premise of your question is very sound.

[Question] Ian Whitely, Asia television. Now, back to the point about statements from China. People here, of course, are all [words indistinct] indications of what is going on. Do you think that the statements coming out from China are not important and not true? How should people react to these statements?

[Answer] I have not said either of those things. I simply said that statements made outside the negotiations really should not prejudice people in their own anticipation of what the negotiations will achieve.

[Question] [Words indistinct]

[Answer] Precisely why I stressed it is the negotiations which count. The people should keep their eyes on the (?board), remain steady and wait for news from the negotiations. Not easy, I know.

[Question] Philip [name indistinct], FAR EASTERN ECONOMIC REVIEW. Have there actually been face to face talks between Sir Percy Cradock and senior Chinese officials and, if so, have these talks been about (?substantive) issues or merely about the form with which the negotiations would take place?

[Answer] Again, forgive me. I am sorry, I am going over the same ground again. I can't start saying whether substantive issues have been discussed because we are talking about the negotiations through the diplomatic channel. They are taking place, they are continuing.

[Question] Have there been actual talks, or have there merely been exchanges of...

[Answer] I repeat, they are taking place and they are continuing.

[Question] [Words indistinct] Who represents China in the negotiations?

[Answer] This is a matter of course for the Chinese Government.

[Question] [Words indistinct] Sir, could you tell us what your impression is of what the people of Hong Kong want?

[Answer] I think from what I have been told that the people of Hong Kong want to be able to continue to live their lives in the way that they choose, in freedom and in peace.

[Question] Well, will you take part in the negotiations in the future?

[Answer] Well, this is a matter of course as to who takes part in the negotiations for consideration. At the moment, we are quite open about it through the diplomatic channel, and Sir Percy Cradock is conducting them and the British Government have full confidence in Sir Percy.

[Question] [Words indistinct] I would like to know whether any Hong Kong representative will be included in the negotiations?

[Answer] Well, here again, as I say, this is a matter for consideration, and obviously what the future holds when you are conducting talks through the diplomatic channel is something which I would not wish to expand on. What I have done for my part as a representative for the British Government is to leave no stone unturned to consult with LEGCO and UMELCO, and I am very glad I have had the opportunity to do so.

[Question] John [name indistinct], SOUTH CHINA MORNING POST. The prime minister went on public record during the visit here saying the British case would be argued from the basis of the three treaties of the 19th century. Can you categorically state that there has been no change in that approach on the part of the British Government?

[Answer] Well, I have nothing further to say about that particular question other than what has been said before. [Words indistinct] in some detail, but, I would just like to emphasize in this connection, what we are doing in the negotiations is looking to the future of Hong Kong.

[Question] [Words indistinct] MING PAO. Do you think that the present social system, the freedom we enjoy, the peace and lifestyle at this moment is the main factor to maintain the prosperity and stability of Hong Kong?

[Answer] I think that what I have observed, what I have been told and from what I have concluded that all that has been achieved by the people of Hong Kong depends upon the fact that the people of Hong Kong are free to go about their lives as they wish in peace. [passage indistinct]

[Question] [Name indistinct] HONG KONG ECONOMIC JOURNAL. [Words indistinct] prejudiced by anything outside the negotiations, do you mean really that what has been said by the Chinese officials in the media to Hong Kong merchants did not really, or had not been put forward by the Chinese officials in the negotiations in Beijing?

[Answer] I think that we ought to clear the ground now, I suppose I (?don't appear) rude to questioners, there really is nothing that I can say about the details of the negotiations. I really can't answer the question about the contents at all.

[Question] Australia Broadcasting Commission. Have you been told by anyone in Hong Kong that they would like the British to stay after 1997 and have they indicated for how long?

[Answer] The people who talked to me haven't started to embark upon that sort of detail.

[Question] They have not, they have not embarked on that sort of detail?

[Answer] I haven't been invited to do so. I have talked in more general terms.

[Question] They haven't volunteered such information or request?

[Answer] Well, what I mean is this: A great number of people have talked of this situation in general terms about this subject. And all of them without exception have used a particular word to me. And it is the word continuity. That is what people want. It is pretty natural when you are thinking about your families and your future.

[Question] [Name indistinct] TIMES OF INDIA. You started off by referring to a British (?signalling) system which [words indistinct] which judged by this press conference isn't working. Britain and China, in the absence of act of self-determination, Britain and China are determining the future of 5 million people in Hong Kong. From the point of view of those 5 million people, it is quite clear that the Chinese leaders are signalling whether they are talking about the negotiations or not. They are signalling what they think should be the future of Hong Kong. And in reply to this, the British Government, who is also determining the future of Hong Kong through these negotiations, is not (?signalling). Don't you think you could give a few more signals?

[Answer] A complicated question. [laughter] I will give you a very simple answer in return. What we want is something very much like a table which has got three legs. One leg is the future to be acceptable to the leadership in Beijing. The second leg is that the future should be acceptable to the British Parliament and the third leg of the table is that the future should be welcomed by and acceptable to the people of Hong Kong. All three legs are important because if one of those legs gives way, the table will give way as well.

[Question] (Stanley Cheung) from CENTRAL NEWS AGENCY. Once the talks between the British and Red China are held, do you think that the problem will lead to another crisis similar to that of the Falkland Islands?

[Answer] That is a hypothetical question and with the greatest of courtesy to you, sir, it is a question, therefore, which, I am afraid, I will not answer.

[Question] Can we go back to the table with three legs? [laughter] We know from what has been coming from Beijing, what Beijing wants [words indistinct]. We know from what people in Hong Kong say, what they have told you about continuity, what the people of Hong Kong want and what is acceptable to them. Can you now tell us what is acceptable to the Parliament of the United Kingdom?

[Answer] No, I can't, because the talks are going on through diplomatic channels and the negotiations, therefore...

[Question] The question, what is acceptable, what sort of solution would be acceptable to United Kingdom Parliament?

[Answer] Parliament will decide when a report has been made to Parliament.

[Question] So, we have to wait until Parliament has decided after the event whether or not one of those legs exists at all?

[Answer] I think that you have put the wrong cart behind the wrong horse. There is no difficulty about this at all. There are three legs to the table, but, in one particular case, it is true that the leg depends upon acceptability to a parliament in a democratic country. And I am proud that I belong to a country where the final decision is taken by people who are freely elected in parliament, and that is the Parliament in Britain. [words indistinct] I would have thought no trouble at all to try to see that we solve this difficult problem by finding a solution which is acceptable, I repeat, to the Chinese leadership, to the British Parliament and to the people of Hong Kong. Thank you very much, ladies and gentlemen.

WESTERN CHARACTERIZATION OF DENG 'RIDICULOUS'

HK101055 Hong Kong TA KUNG PAO in Chinese 9 Dec 82 p 1

["Special Feature" by Hsin Yu [2450 7183]: "Ridiculous Comments"]

[Text] Western Commentator's Impression of Deng Xiaoping

In a recent commentary on Beijing's newly drawn up constitution, a well-known Paris newspaper said: "The reformists have no choice but to make certain compromises. They have not expressly abandoned the principle of 'taking class struggle as the key link,' and there is some ambiguity on this question." Knowledgeable people say: This is a new product turned out from the old Western mold.

Either actuated by wishful thinking or hampered by metaphysical inertia, Western commentators have for a long time been invariably fond of portraying "iron man" Deng Xiaoping as so inclined to the right as to take lessons from Western politicians. In the past, what they commented on most was that Deng Xiaoping "opposed Mao" and carried out "de-emphasizing Mao," and portrayed his revival of the "double hundred" policy as similar to the liberalization of the West. In the last couple of years, they have said that he has been making compromises and concessions here and there without fully achieving his goal. For example, in the resolution on questions of party history last year and in the personnel arrangements made by the 12th party congress this year, they have all made this kind of assessment. The reason is the resolution on questions of party history failed to completely negate Mao Zedong and the 12th party congress kept such people as Hua Guofeng in the Central Committee. The present commentary of this Paris newspaper on the new constitution is probably from the same mold!

I can only say that this kind of assessment is extremely ridiculous. There is no harm in talking, but if we are just as idiotic, we could soon find ourselves becoming both deaf and blind. To understand the CPC and China, we should always pay attention to real facts.

The Political Philosophy of the CPC

The facts consist of, first, the words and deeds of the CPC leaders such as Deng Xiaoping and, second, the logic and philosophy they abide by.

What we first come into contact with is, of course, specific words and deeds. What is the actual attitude of Deng Xiaoping toward Mao Zedong? Evidently, he has boldly criticized and corrected the mistakes of Mao Zedong, or done away with superstitions and emancipated the mind, and in the last 5 years, he has largely restored order out of chaos in the legacy, which is full of leftist tendencies, left by Mao Zedong. At the same time, he has spared no efforts in protecting the image of Mao Zedong and the part of his thinking considered correct. According to my knowledge, since his reinstatement and up to the 6th Plenary Session of the 11th CPC Central Committee, he has on more than 40 occasions defended Mao Zedong. As a result of his perseverance, the resolution on questions of party history was finally adopted without further damaging Mao Zedong and yet was able to correct his mistakes. On the question of dealing with people who have made mistakes but do not belong to the Lin Biao-Jiang Qing cliques, the situation is also fairly similar. The reason why Hua Guofeng and Wang Dongxing have not been dropped is precisely due to the personal advice of Deng Xiaoping and others. After the event, I heard people say that the vote they cast was in favor of that policy. This fact can only explain that Deng Xiaoping has achieved his goal!

The present CPC leading group is acting in accordance with their political philosophy. In short, this is "one divides into two" or "opposing one kind of tendency and at the same time guarding against another kind of tendency."

Removing "Taking Class Struggle as the Key Link"

In the new constitution, there is indeed still the mention of class struggle in a certain passage. However, the principle of "taking class struggle as the key link" has already been completely removed. Words affirming "the Great Cultural Revolution," affirming "continuing the revolution under the dictatorship of the proletariat" and repeatedly emphasizing class struggle in the old constitution have disappeared. Moreover, articles that have a coercive effect corresponding to the "key link," such as the right of the CPC to lead the country, the right of the CPC Central Committee to nominate the premier of the government and the right of the CPC chairman to command the armed forces, have all been canceled. On the contrary, it has again stipulated that "all citizens are equal before the law" and stressed that "no organization, including the CPC organization and its members, or individuals may enjoy the privilege of being above the constitution and the law." Moreover, citizens who enjoy the right to vote, amounting to 99.97 percent of 1,008 million people, have also become the "whole people." It should be perfectly clear that the "key link" of former days has completely vanished from the new constitution. Replacing the "key link" is the building of material civilization and spiritual civilization and the building of the new order of democracy and the legal system. If the "key link" means the basic and highest criterion that commands everything, then how can there be "compromise" between this "key link" and that "key link?"

The new constitution only deals with class struggle in a short paragraph of its preamble. Altogether there are two sentences, the first being the more important one: "The exploiting classes as such have been eliminated in our country. However, class struggle will continue to exist within certain limits for a time to come." The second sentence is the explanatory note and demands the corresponding phrase "exist within certain limits."

Deng Is Not the Person Favoring "Liberalization"

The words that merit most attention are "have been eliminated" and "within certain limits." They first basically negate "taking class struggle as the key link" and at the same time also negate the theory of "the dying out of class struggle."

Why do we say that this is a basic negation of the "key link?" The "key link" takes "the bourgeoisie still exist," and moreover, are very powerful even "inside the Communist Party" as its premise and foundation. This was also the start of the great curse suffered by the people of the country in the 10 years of internal disorder. The present constitution says that this is not in keeping with reality. And the reality is that they "have been eliminated." Does this not eradicate the premise and foundation of that "key link?" The second half of the sentence also very clearly says that class struggle is not found everywhere, and we cannot say that "there is still the danger of restoration." It only exists "within certain limits." Many existing contradictions do not constitute class struggle; therefore, we can no longer follow the "key link" and artificially broaden class struggle. However, there is no need for superfluous words. The new constitution still upholds the standpoint of class struggle.

This is another manifestation of the CPC political philosophy "one divides into two." The "one divides into two" on the question of class struggle in the new constitution provides a major profile and general outline of the activities of the CPC in the last 5 years. This is also why Deng Xiaoping enjoys such popular support among the people. On the one hand, it has rehabilitated millions of unjust, false and wrong cases repressed by the "key link" in the past, enabled most of the former landlords, rich peasants and capitalists to remove their label and acquire the right of "universal equality" and shifted the focus of work to the building of the four modernizations. On the other hand, it has opposed "liberalization" in the economic, political and cultural fields, and its vigorous enforcement of eliminating corruption and struggling against smuggling, swindling and other serious crimes has become one of the great events of 1982. Moreover, although the CPC has clearly pointed out that this hitting out at serious economic crimes does constitute class struggle, but regardless of how strong the emphasis, it has nevertheless abandoned the pattern of political campaign and adopted the method of doing things according to legal procedures; the life of most people on the mainland remains normal and they are not harassed. Furthermore, this struggle is in the final analysis subordinate to and in the service of the "key link" of building the four modernizations.

By "compromise," do they mean that such "reformists" as Deng Xiaoping, who were originally opposed to further emphasis on class struggle, have now been compelled to make a concession by keeping this passage in the new constitution? Isn't this kind of view ridiculous? This April Deng Xiaoping specially called on Hu Qiaomu and Deng Liqun. Who can say that what he discussed with them, including the passage of "opposing corruption" in his opening speech at the 12th party congress, was not his original intention or that he was not paying attention to class struggle?

I should also mention a historical fact. According to my recollection, this passage in the new constitution is precisely almost the exact words first put forward by Deng Xiaoping about 4 years ago. The only change is probably the deletion of the words that the stormy class struggle of the past is over. This minor deletion is irrelevant to the main theme. This has absolutely nothing to do with "compromise" on "taking class struggle as the key link," because the present wording has not in any way "obscured" or damaged Deng Xiaoping's original meaning. This deletion has obviously been made to make the words brief and to the point to suit the requirement of legal language, and it is purely a technical matter.

I think that if people want to know the real facts of the politics of the CPC and China, the best thing for them is still not to either intentionally or unintentionally forget the fact that "iron man" Deng Xiaoping is not a person favoring "liberalization" but a firm and devoted disciple of Marx. If they really intend to "obscure" this point, then it is almost tantamount to having no desire to understand the real facts surrounding him. If they have no desire to understand the real facts, they, of course, need not waste their energy and can do what they please.

HSIN WAN PAO ON RESPONSIBILITY SYSTEM FOR DAZHAI

HK131104 Hong Kong HSIN WAN PAO in Chinese 13 Dec 82 p 4

[Special dispatch: "Commune Members' Income Rises With the Introduction of the Responsibility System in Dazhai"]

[Text] Beijing, 13 Dec -- The slogan of "learning from Dazhai in agriculture" was put forth during the Great Cultural Revolution. How are things with the Dazhai brigade now?

Song Liying, a former female chairman of the Dazhai brigade, Xiyang County, Shanxi Province, and deputy secretary of the party branch, said: In 1980, Dazhai rectified its previous "leftist" mistakes and implemented the production responsibility system. It divided into three groups, with remuneration based on production. In the past 2 years, the commune members' income has risen and its industrial and sideline undertakings have developed.

Song Liying was preparing to go back to Dazhai after the conclusion of the NPC and CPPCC sessions. Before she left, she gave an interview to this reporter.

Song Liying is a female party member of the Dazhai brigade. She said that after a democratic election, Dazhai brought in a new leading group. Guo Fenglian, former secretary of the party branch of the brigade, was transferred to work with a fruit tree research institute in Yuci County, Shanxi. Jia Changsuo, a former deputy head of the brigade, was elected as secretary of the party branch. Of the three former deputy secretaries, only former deputy brigade head Liang Xialiang is a deputy secretary. Song Liying remains as a member of the party branch committee. Recently attending the NPC and the CPPCC sessions in Beijing were former deputies and committee members, including Guo Fenglian (NPC deputy), Jia Changsuo (CPPCC member and former party branch secretary and CYL secretary), Song Liying, and Chen Yonggui.

Song Liying said that all Dazhai knew before was how to cultivate the fields; it did not get involved with a diversified economy. Now, everyone realizes what should be done. Private plots have been allocated for each person. Everyone also raises pigs and rabbits. The daily income per person rose from the previous 1.50 yuan to 2.10 yuan last year. This year their income will increase further.

Song Liying said that Shanxi Province shows great concern for the Dazhai brigade. It recently helped the brigade build a small coal pit that added to commune members' income. Everyone at Dazhai is happy.

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15 Dec 82

